

AUDIT REPORT

2019 - 2020



June 30, 2020

City of Enid, Oklahoma

Audited Financial Report and
Compliance Report
June 30, 2020

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RSM US LLP

Independent Auditor's Report

Honorable Mayor and City Council
City of Enid, Oklahoma
Enid, Oklahoma

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 Enid, Oklahoma, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Enid, Oklahoma, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the June 30, 2020 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements, 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. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of debt service coverage requirements and the schedule of expenditures of state awards, as listed in the table of contents, have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, except for Note 8 for which the date is March 31, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
December 31, 2020, except for Note 8 for which the date is March 31, 2022

City of Enid, Oklahoma

Management's Discussion and Analysis June 30, 2020

The following discussion and analysis of the City of Enid's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the City's basic financial statements, which begin on page 13.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$287,947,966 (net position).

During the year, the government's total net position increased by \$24,421,782, from its beginning balance. This is largely attributed to the Kaw Lake program. The assets increased due to the completion of early phases of the Kaw Lake program. The restricted cash increased related to the collection of the 1% restricted water supply sales tax.

Governmental activities accounted for an increase of \$5,426,418. Business-type activities increased overall net position by \$18,995,364.

The City's total long-term liabilities increased \$3,237,279 during the current fiscal year. The key factors in the increase are due to increased actuarial liabilities related to the City of Enid's pension and health plans, the expansion of the landfill with opening an additional cell area and offset by scheduled debt payments.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,957,082, an increase of \$2,673,454 in comparison with the prior year. Fund balance of \$431,050 is considered nonspendable, consisting of inventories and prepaid expenses. A total of \$510,888 is restricted by contractual agreements; state statutes, or enabling legislation. Fund balance of \$48,015,144 is available for spending at the government's discretion, although \$32,050,898 of that balance has been committed by the governing board.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,448,005, or 27% of total general fund expenditures and transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets and liabilities, deferred inflows/outflows, with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Enid is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Enid, Oklahoma

Management's Discussion and Analysis June 30, 2020

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include the Enid Municipal Authority which includes the City's water, wastewater, landfill, and sanitation utility operations. Business-type activities also include the Stride Bank Center, Woodring Regional Airport, Meadowlake Golf Course, and the Enid Public Transit Authority.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances with the government-wide statements of net position and activities provide a comparison between governmental funds and governmental activities.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, police fund, fire fund, and water capital improvements, all of which are considered to be major funds. Data from the remaining governmental funds 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 elsewhere in this report. The City adopts an annual appropriated budget for its general fund, police fund, and fire fund. A budgetary comparison statement has been provided, as required supplementary information, for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the entity's various functions. The City of Enid uses an internal service fund to account for its health care plan. Because this service predominately services governmental functions, it is included within governmental activities in the government-wide financial statements.

City of Enid, Oklahoma

Management's Discussion and Analysis June 30, 2020

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Enid Municipal Authority, which is considered to be a major fund of the City. The City maintains a total of proprietary funds. Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements found elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18-22 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Employee Retirement System of Enid, Oklahoma. The agency fund report sources held by the City in a custodial capacity for individuals, private organizations, and other governments.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-67 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees, and actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund, police fund, and fire fund.

Required supplementary information can be found on pages 68-78 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions and budgetary comparisons.

Combining statements and schedules can be found on pages 79-89 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City's governmental activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$95,005,295 at the close of the most recent fiscal year. The business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$192,942,671.

City of Enid, Oklahoma

Management's Discussion and Analysis
June 30, 2020

Government-Wide Financial Analysis (Continued)

	City of Enid Net Position June 30, 2020 and 2019					
	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 58,298,076	\$ 53,318,691	\$ 156,658,746	\$ 149,810,605	\$ 214,956,822	\$ 203,129,296
Capital and other noncurrent assets	71,056,587	69,872,450	195,983,621	184,573,780	267,040,208	254,446,230
Total assets	<u>129,354,663</u>	<u>123,191,141</u>	<u>352,642,367</u>	<u>334,384,385</u>	<u>481,997,030</u>	<u>457,575,526</u>
Deferred outflows of resources	8,232,614	7,192,239	993,006	281,252	9,225,620	7,473,491
Current liabilities	8,645,441	8,372,375	11,395,936	13,355,861	20,041,377	21,728,236
Long-term liabilities	30,063,745	28,773,465	149,195,412	147,248,413	179,259,157	176,021,878
Total liabilities	<u>38,709,186</u>	<u>37,145,840</u>	<u>160,591,348</u>	<u>160,604,274</u>	<u>199,300,534</u>	<u>197,750,114</u>
Deferred inflows of resources	3,872,796	3,658,663	101,354	114,056	3,974,150	3,772,719
Net position:						
Net investment in capital assets	69,325,659	67,414,599	135,389,815	128,690,175	204,715,474	196,104,774
Restricted	388,624	401,153	45,909,475	32,261,722	46,298,099	32,662,875
Unrestricted	25,291,012	21,763,125	11,643,381	12,995,410	36,934,393	34,758,535
Total net position	<u>\$ 95,005,295</u>	<u>\$ 89,578,877</u>	<u>\$ 192,942,671</u>	<u>\$ 173,947,307</u>	<u>\$ 287,947,966</u>	<u>\$ 263,526,184</u>

By far the largest portion of the City's net position (71%) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, 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.

An additional portion of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used either by external groups such as creditors, grantors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. The remaining balance is unrestricted net position of \$36,934,393 (13%) of total net position.

The City's net position increased by \$24,423,587 during the current fiscal year, compared with the beginning net position. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Enid, Oklahoma

Management's Discussion and Analysis
June 30, 2020

City of Enid
Statement of Activities
Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 2,287,502	\$ 2,789,779	\$ 44,590,433	\$ 41,936,755	\$ 46,877,935	\$ 44,726,534
Grants/contributions	3,413,531	2,997,168	864,353	1,122,861	4,277,884	4,120,029
General revenues	46,759,959	45,747,223	2,879,761	3,407,687	49,639,720	49,154,910
Total revenues	52,460,992	51,534,170	48,334,547	46,467,303	100,795,539	98,001,473
Expenses:						
General government	9,830,462	9,089,167	-	-	9,830,462	9,089,167
Public safety	21,980,677	18,975,008	-	-	21,980,677	18,975,008
Public works	7,729,135	9,275,796	-	-	7,729,135	9,275,796
Culture and recreation	2,267,373	2,171,634	-	-	2,267,373	2,171,634
Utility operations	-	-	24,416,889	21,483,951	24,416,889	21,483,951
Airport	-	-	3,457,804	2,793,642	3,457,804	2,793,642
Economic development	745,293	6,178,919	-	-	745,293	6,178,919
Golf	-	-	641,253	731,372	641,253	731,372
Event center	-	-	4,499,548	5,105,172	4,499,548	5,105,172
Transit	-	-	796,679	744,454	796,679	744,454
Other	60,380	67,326	-	15,499	60,380	82,825
Total expenses	42,613,320	45,757,850	33,812,173	30,874,090	76,425,493	76,631,940
Increase (decrease) in net position before transfers and capital contributions	9,847,672	5,776,320	14,522,374	15,593,213	24,370,046	21,369,533
Transfers of capital assets	(19,572,206)	(11,613,260)	19,572,206	11,613,260	-	-
Gain on sale of capital assets	-	-	51,736	5,433	51,736	5,433
Transfers, net	15,150,952	21,326,449	(15,150,952)	(21,326,449)	-	-
Increase (decrease) in net position	5,426,418	15,489,509	18,995,364	5,885,457	24,421,782	21,374,966
Net position, beginning	89,578,877	74,089,368	173,947,307	168,061,850	263,526,184	242,151,218
Net position, ending	\$ 95,005,295	\$ 89,578,877	\$ 192,942,671	\$ 173,947,307	\$ 287,947,966	\$ 263,526,184

City of Enid, Oklahoma

Management's Discussion and Analysis
June 30, 2020

Government-Wide Financial Analysis (Continued)

Governmental activities: Governmental activities increased the City's net position by \$5,426,418.

The key elements of this increase are as follows:

- Increase in Kaw Lake Water Supply contracts in the Water Capital Improvement fund and the contributed capital.

City of Enid				
Governmental Activities				
<u>Years Ended June 30, 2020 and 2019</u>				
	Program Revenues		Cost of Services	
	2020	2019	2020	2019
General government	\$ 299,917	\$ 387,223	\$ 9,830,462	\$ 9,089,167
Public safety	4,430,292	4,696,573	21,980,677	18,975,008
Public works	903,444	602,670	7,729,135	9,275,796
Culture and recreation	67,380	100,481	2,267,373	2,171,634
Economic development	-	-	745,293	6,178,919
Interest on long-term debt	-	-	60,380	67,326
Total governmental activities	<u>\$ 5,701,033</u>	<u>\$ 5,786,947</u>	<u>\$ 42,613,320</u>	<u>\$ 45,757,850</u>

Business-type activities. Business-type activities increased the City's net position by \$18,995,364. The key element in this increase was the completion of large water capital asset projects.

City of Enid				
Business-Type Activities				
<u>Years Ended June 30, 2020 and 2019</u>				
	Program Revenues		Cost of Services	
	2020	2019	2020	2019
Utility operations	\$ 39,531,589	\$ 37,926,865	\$ 24,416,889	\$ 21,483,951
Airport	3,270,039	2,342,380	3,457,804	2,793,642
Golf	644,090	548,569	641,253	731,372
Event center	1,255,135	1,745,023	4,499,548	5,105,172
Transit	753,933	496,779	796,679	744,454
Other	-	-	-	15,499
Total business-type activities	<u>\$ 45,454,786</u>	<u>\$ 43,059,616</u>	<u>\$ 33,812,173</u>	<u>\$ 30,874,090</u>

City of Enid, Oklahoma

Management's Discussion and Analysis June 30, 2020

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,957,082, an increase of \$2,673,454 in comparison with the prior year. Approximately 98% of this total amount (\$48,015,144) constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted by contractual obligations, laws and regulations, or enabling legislation as approved by a vote of the citizens of Enid.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,448,005. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 27% of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased \$2,454,283 during the current fiscal year, primarily due to sales tax receipts exceeding budgeted revenues and an increased operating transfer from EMA.

The police fund has a total fund balance of \$4,043,004. The net increase in fund balance during the current year was \$1,110,539.

The fire fund has a total fund balance of \$1,613,035, substantially all of which was committed. The net increase in fund balance during the current year was \$411,874.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Enid Municipal Authority showed total net position \$143,993,689. Unrestricted net position of the Enid Municipal Authority at the end of the year was \$9,193,106. The total increase in net position was \$19,608,630. Operating revenues showed an increase of \$1,599,796 while operating expenses increased by \$2,056,875.

The changes in operating revenues were due to increased utility rates and expenses increased due to landfill expansion closure expenses and increases in interest expense related to the Kaw Lake Water Supply program.

City of Enid, Oklahoma

**Management’s Discussion and Analysis
June 30, 2020**

Budgetary Highlights of Major Governmental Funds

The general fund budget decreased by \$188,967 for departmental expenditures, and revenues did not increase or decrease and net transfers increased by \$1,307,600 during the year. The general fund breakdown by department is outlined on the Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds Schedule in the Required Supplementary Information section of the audit.

Revenues received were more than budget estimates by \$1,837,844, and actual expenditures and transfers were less than final budget appropriations by \$1,483,449, resulting in an overall net increase in fund balance of \$3,321,293 prior to adjustments outlined on the Reconciliation of Budgetary Comparison Schedule on a Budgetary Basis with Fund Financial Statements in the Required Supplementary Information section of the audit. As a result, the City did not need to use a portion of its fund balance to cover expenditures and transfers.

The police fund showed a decrease of \$824,462 in its budgeted expenditures during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$11,228,488 or \$23,988 more than budget estimates. Expenditures and transfers out of \$10,076,388 were less than budgeted by \$589,005, resulting in an overall net increase in fund balance of \$612,993.

The fire fund showed an increase of \$10,956 in its budgeted expenditures during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$8,972,499, or more than budget estimates by \$101,929. Expenditures and transfers out of \$8,500,115, were less than the budget appropriations by \$822,066.

Capital Asset and Debt Administration

Capital assets: The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$266,938,715 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and vehicles.

City of Enid
Capital Assets
(Net of Depreciation)
Years Ended June 30, 2020 and 2019

	Governmental		Business-Type		Totals	
	Activities		Activities		June 30	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,567,324	\$ 6,308,180	\$ 7,679,181	\$ 7,679,181	\$ 14,246,505	\$ 13,987,361
Construction in progress	9,759,463	15,354,731	25,248,538	31,980,142	35,008,001	47,334,873
Buildings	6,444,397	7,150,346	52,705,109	53,863,800	59,149,506	61,014,146
Improvements	44,892,687	37,721,452	98,570,176	78,783,669	143,462,863	116,505,121
Equipment	1,646,669	1,610,839	8,559,291	9,640,807	10,205,960	11,251,646
Vehicles	1,644,554	1,726,902	3,221,326	2,626,181	4,865,880	4,353,083
Capital assets, net	<u>\$ 70,955,094</u>	<u>\$ 69,872,450</u>	<u>\$ 195,983,621</u>	<u>\$ 184,573,780</u>	<u>\$ 266,938,715</u>	<u>\$ 254,446,230</u>

Major capital asset events during the current fiscal year included the following:

- Street improvements completed including several ADA sidewalk projects and large improvements for Willow road widening & 66th Street improvements
- Water projects including beginning phases of the Kaw Lake Water Supply Program
- Nine new pickup trucks for Public Works and Public Utilities divisions
- Wheel Loader for Street department
- Aerial Truck for the Technical Services department

City of Enid, Oklahoma

**Management's Discussion and Analysis
June 30, 2020**

- Three Sideload Trashtrucks, Rolloff Truck, Frontload Truck and Bottom Dump Truck for Solid Waste department
- New 911 Zetron workstations
- Six buses for EPTA
- Completion of a new cell at the Landfill
- Woodring Regional Airport new terminal construction

Additional information of the City's capital assets can be found in Note 3 on pages 39-40 of this report.

Long-term debt: At the end of the current fiscal year, the City had total debt outstanding of \$187,651,676. The debt secured solely by specified revenue sources (i.e., revenue bonds and notes); tax apportionment bonds (TIF); capital lease obligations; judgments against the City; the long-term portion of accrued compensated absences; total OPEB liability; workers' compensation reserve liability; net pension liability; and landfill closure and post-closure liability and other long-term liabilities.

City of Enid
Outstanding Long-Term Liabilities
Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2020	2019	2020	2019	2020	2019
Net pension liability	\$ 25,125,766	\$ 23,409,079	\$ 2,771,594	\$ 1,737,431	\$ 27,897,360	\$ 25,146,510
Total OPEB liability	1,957,632	2,162,870	435,029	94,038	2,392,661	2,256,908
Workers' compensation claims	1,106,624	1,182,683	334,791	259,758	1,441,415	1,442,441
Compensated absences	2,320,374	2,123,350	273,193	270,686	2,593,567	2,394,036
Revenue bonds	-	-	585,000	1,745,000	585,000	1,745,000
Notes payable	1,330,000	1,988,000	144,215,226	145,000,494	145,545,226	146,988,494
Capital lease obligations	299,435	469,851	2,174,395	2,204,619	2,473,830	2,674,470
Landfill closure and post- closure and other long- term liabilities	-	-	4,722,617	3,844,459	4,722,617	3,844,459
Total outstanding debt	<u>\$ 32,139,831</u>	<u>\$ 31,335,833</u>	<u>\$ 155,511,845</u>	<u>\$ 155,156,485</u>	<u>\$ 187,651,676</u>	<u>\$ 186,492,318</u>

The City's total long-term liabilities increased \$1,159,358 during the current fiscal year. The key factors in the increase are due to increased actuarial liabilities related to the City of Enid's pension and health plans, the expansion of the landfill with opening an additional cell area and offset by scheduled debt payments.

Additional information on the City's long-term debt can be found in Note 3 on pages 41-47 of this report.

City of Enid, Oklahoma

Management's Discussion and Analysis June 30, 2020

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2020-2021 revenue and expense budgets.

When setting the fiscal year 2021 expenditure budget, City staff worked diligently to keep increases in expenditures to a minimum.

The City will be looking at using General Obligation Bonds, and Revenue Notes in the future to increase the funding available to build and repair infrastructure such as streets, water lines, sewer lines, storm water drains, parks and quality of life improvements.

The City currently has three recognized unions. The current agreement with the American Federation of State, County and Municipal Employees (AFSCME) #1136 and the International Association of Fire Fighters (IAFF) is through June 2021. The Fraternal Order of Police (FOP) is through June 2022.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City of Enid's Chief Financial Officer, at City of Enid, Post Office Box 1768, Enid, Oklahoma 73702-1768 or telephone (580) 616-7283. You may also visit our website at www.enid.org for more budgetary and contact information.

City of Enid, Oklahoma

Statement of Net Position
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 9,175,252	\$ 1,297,824	\$ 10,473,076
Investments	44,851,422	1,860,984	46,712,406
Receivables (net of allowance for uncollectibles)	6,668,639	5,176,918	11,845,557
Receivables for property taxes - succeeding year	34,969	-	34,969
Internal balances	(2,915,155)	2,915,155	-
Inventories	119,876	243,839	363,715
Prepaid expenses	313,118	31,909	345,027
Restricted cash and investments	49,955	145,132,117	145,182,072
Pension asset	101,493	-	101,493
Capital assets:			
Land and construction in progress	16,326,787	32,927,719	49,254,506
Depreciable buildings, improvements, equipment and vehicles, net of accumulated depreciation	54,628,307	163,055,902	217,684,209
Total assets	129,354,663	352,642,367	481,997,030
Deferred outflows of resources			
Deferred amounts related to OPEB	172,364	38,303	210,667
Deferred amounts related to pensions	8,060,250	954,703	9,014,953
Total deferred outflows of resources	8,232,614	993,006	9,225,620
Liabilities			
Accounts payable and accrued liabilities	6,137,006	1,761,485	7,898,491
Claims payable	423,792	-	423,792
Payable from restricted assets:			
Accrued interest	3,358	1,570,587	1,573,945
Customer deposits	-	1,364,028	1,364,028
Unearned revenue	5,199	383,403	388,602
Long-term liabilities:			
Due within one year	2,076,086	6,316,433	8,392,519
Due in more than one year	30,063,745	149,195,412	179,259,157
Total liabilities	38,709,186	160,591,348	199,300,534
Deferred inflows of resources			
Property taxes succeeding year	34,969	-	34,969
Deferred amounts related to OPEB	23,656	5,257	28,913
Deferred amounts related to pensions	3,814,171	96,097	3,910,268
Total deferred inflows of resources	3,872,796	101,354	3,974,150
Net position			
Net investment in capital assets	69,325,659	135,389,815	204,715,474
Restricted:			
Debt service	9,267	3,786,745	3,796,012
Capital improvements	49,555	42,122,730	42,172,285
Public safety	329,802	-	329,802
Unrestricted	25,291,012	11,643,381	36,934,393
Total net position	\$ 95,005,295	\$ 192,942,671	\$ 287,947,966

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Activities
Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 9,830,462	\$ 293,017	\$ 6,900	\$ -	\$ (9,530,545)	\$ -	\$ (9,530,545)
Public safety	21,980,677	1,648,612	2,750,884	30,796	(17,550,385)	-	(17,550,385)
Public works	7,729,135	314,635	588,809	-	(6,825,691)	-	(6,825,691)
Culture and recreation	2,267,373	31,238	9,864	26,278	(2,199,993)	-	(2,199,993)
Economic development	745,293	-	-	-	(745,293)	-	(745,293)
Interest on long-term debt	60,380	-	-	-	(60,380)	-	(60,380)
Total governmental activities	42,613,320	2,287,502	3,356,457	57,074	(36,912,287)	-	(36,912,287)
Business-type activities:							
Utility operations	24,416,889	39,526,661	-	4,928	-	15,114,700	15,114,700
Airport	3,457,804	3,081,692	-	188,347	-	(187,765)	(187,765)
Golf	641,253	644,090	-	-	-	2,837	2,837
Event center	4,499,548	1,255,135	-	-	-	(3,244,413)	(3,244,413)
Transit and other	796,679	82,855	671,078	-	-	(42,746)	(42,746)
Total business-type activities	33,812,173	44,590,433	671,078	193,275	-	11,642,613	11,642,613
Total primary government	\$ 76,425,493	\$ 46,877,935	\$ 4,027,535	\$ 250,349	(36,912,287)	11,642,613	(25,269,674)
General revenues:							
Taxes:							
Sales and use					41,730,382	-	41,730,382
Property					31,304	1,107,335	1,138,639
Franchise					2,618,666	-	2,618,666
Other					737,834	-	737,834
Investment income					981,633	1,686,937	2,668,570
Miscellaneous					660,140	85,489	745,629
Gain on disposition of capital assets					-	51,736	51,736
Transfers - capital assets					(19,572,206)	19,572,206	-
Transfers - internal activity					15,150,952	(15,150,952)	-
Total general revenues and transfers					42,338,705	7,352,751	49,691,456
Change in net position					5,426,418	18,995,364	24,421,782
Net position, beginning					89,578,877	173,947,307	263,526,184
Net position, ending					\$ 95,005,295	\$ 192,942,671	\$ 287,947,966

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Balance Sheet—Governmental Funds
June 30, 2020

	General	Police Fund	Fire Fund	Water Capital Improvements	Non-major Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 2,243,146	\$ 676,102	\$ 281,690	\$ 1,975,355	\$ 3,494,863	\$ 8,671,156
Investments	10,595,334	3,475,247	1,447,920	10,153,572	16,588,236	42,260,309
Receivables:						
Accounts, net	10,426	-	-	-	-	10,426
Taxes	5,668,863	160,467	160,467	-	209,982	6,199,779
Due from other governments	6,300	13,000	-	-	405,631	424,931
Other	-	-	-	-	10,122	10,122
Inventories	119,876	-	-	-	-	119,876
Prepaid expenses	202,707	35,213	9,106	-	64,148	311,174
Restricted cash and investments	-	-	-	-	49,955	49,955
Total assets	\$ 18,846,652	\$ 4,360,029	\$ 1,899,183	\$ 12,128,927	\$ 20,822,937	\$ 58,057,728
Liabilities						
Accounts payable and accrued liabilities	\$ 979,673	\$ 317,025	\$ 286,148	\$ 2,375,194	\$ 2,178,966	\$ 6,137,006
Due to other funds	2,567,472	-	-	-	-	2,567,472
Unearned revenue	-	-	-	-	5,199	5,199
Total liabilities	3,547,145	317,025	286,148	2,375,194	2,184,165	8,709,677
Deferred inflows of resources						
Federal grants related to HUD loan	-	-	-	-	356,000	356,000
Property taxes succeeding year	34,969	-	-	-	-	34,969
Total deferred inflows of resources	34,969	-	-	-	356,000	390,969
Fund balances:						
Nonspendable:						
Inventories and prepaid expenses	322,583	35,213	9,106	-	64,148	431,050
Restricted:						
Public safety	-	-	-	-	329,802	329,802
Public works	-	-	-	-	118,906	118,906
Debt service	-	-	-	-	12,625	12,625
Capital improvements	-	-	-	-	49,555	49,555
Committed:						
Public safety	-	2,901,644	1,193,835	-	1,205	4,096,684
Public works	-	-	-	-	2,117,932	2,117,932
Other	493,950	-	-	-	-	493,950
Capital improvements	-	-	-	9,753,733	15,588,599	25,342,332
Unassigned	14,448,005	1,106,147	410,094	-	-	15,964,246
Total fund balances	15,264,538	4,043,004	1,613,035	9,753,733	18,282,772	48,957,082
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,846,652	\$ 4,360,029	\$ 1,899,183	\$ 12,128,927	\$ 20,822,937	\$ 58,057,728

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Reconciliation of Governmental Funds and Government-Wide Financial Statements
Year Ended June 30, 2020

Fund Balance - Net Position Reconciliation - June 30, 2020

Total fund balance - governmental funds:	\$ 48,957,082
 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.	70,955,094
Certain long-term assets are not available to pay for period expenditures and, therefore, are reported as deferred inflows in the funds.	
Due from other governments	356,000
The net pension liability/(asset) and the total OPEB liability, and the pension and OPEB-related deferred outflows and deferred inflows of resources 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 Statement of Net Position:	
Net pension asset	101,493
Net pension liability	(25,125,766)
Total OPEB liability	(1,957,632)
Pension-related deferred outflows	8,060,250
OPEB-related deferred outflows	172,364
Pension-related deferred inflows	(3,814,171)
OPEB-related deferred inflows	(23,656)
	<u>(22,587,118)</u>
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as health insurance, to individual funds. The assets and liabilities of the internal service fund are reported in governmental activities.	2,384,028
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(3,358)
Accrued compensated absences	(2,320,374)
Accrued liability for workers' compensation claims incurred	(1,106,624)
Notes payable	(1,330,000)
Capital lease payable	(299,435)
	<u>(5,059,791)</u>
 Net position of governmental activities in the statement of net position	 <u><u>\$ 95,005,295</u></u>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

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

	General	Police Fund	Fire Fund	Water Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 41,913,972	\$ 1,217,538	\$ 1,217,538	\$ -	\$ 31,304	\$ 44,380,352
Licenses and permits	213,748	-	-	-	-	213,748
Intergovernmental	336,677	697,410	2,040,272	-	1,633,112	4,707,471
Fines and forfeitures	854,232	-	-	-	-	854,232
Charges for services	112,616	39,343	-	-	102,287	254,246
Other	274,049	28,080	13,902	-	245,311	561,342
Interest	196,269	61,032	28,533	372,414	323,385	981,633
Total revenues	43,901,563	2,043,403	3,300,245	372,414	2,335,399	51,953,024
Expenditures:						
Current:						
General government	7,734,292	-	-	-	16,050	7,750,342
Public safety	104,925	10,375,393	10,459,687	-	908,624	21,848,629
Public works	4,070,364	72	-	-	1,207,229	5,277,665
Culture and recreation	2,239,000	-	2,596	-	75	2,241,671
Economic development	-	-	-	-	723,507	723,507
Debt service:						
Principal	-	-	-	-	828,416	828,416
Interest	-	-	-	-	65,183	65,183
Capital outlay	768,417	64,979	81,503	14,826,741	10,158,974	25,900,614
Total expenditures	14,916,998	10,440,444	10,543,786	14,826,741	13,908,058	64,636,027
Excess of revenues over (under) expenditures	28,984,565	(8,397,041)	(7,243,541)	(14,454,327)	(11,572,659)	(12,683,003)
Other financing sources (uses):						
Proceeds from sale of capital assets	205,505	-	-	-	-	205,505
Transfers in	11,375,000	9,857,580	7,730,415	12,051,233	12,713,788	53,728,016
Transfers out	(38,110,787)	(350,000)	(75,000)	-	(41,277)	(38,577,064)
Total other financing sources (uses)	(26,530,282)	9,507,580	7,655,415	12,051,233	12,672,511	15,356,457
Net change in fund balances	2,454,283	1,110,539	411,874	(2,403,094)	1,099,852	2,673,454
Fund balances, beginning	12,810,255	2,932,465	1,201,161	12,156,827	17,182,920	46,283,628
Fund balances, ending	\$ 15,264,538	\$ 4,043,004	\$ 1,613,035	\$ 9,753,733	\$ 18,282,772	\$ 48,957,082

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Reconciliation of Governmental Funds and Government-Wide Financial Statements
Year Ended June 30, 2020

Changes in Fund Balance - Changes in Net Position Reconciliation - Year Ended June 30, 2020

Net change in fund balances – total governmental funds: \$ 2,673,454

**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 outlay expenditures capitalized	6,114,088
Depreciation expense	(4,793,969)
Proceeds from sale of capital assets	(205,505)
Loss on disposal of capital assets	(31,970)
	<u>1,082,644</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal payments on notes payable and TIF bonds payable	658,000
Principal payments on capital leases	170,416
	<u>828,416</u>

Portions of receivables are not considered current financial resources and, therefore, portions of payments are recognized as revenues for the governmental funds:

CDBG receipts for loan	178,000
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Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain revenues/expenses are reported in governmental activities on the Statement of Activities, net of amounts allocated to business-type activities.

1,356,263

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in governmental funds:

Accrued compensated absences, net change	(197,024)
Pension expense	(906,124)
Accrued liability for workers' compensation claims incurred	76,059
Interest expense	4,846
Other postemployment benefits	329,884
	<u>(692,359)</u>

Change in net position of governmental activities

\$ 5,426,418

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Net Position—Proprietary Funds
June 30, 2020

	Business-Type Activities			
	Enterprise Funds			Internal Service
	Enid Municipal Authority	Non-major Enterprise Funds	Total	Health Care Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,297,824	\$ 1,297,824	\$ 504,096
Investments	-	1,860,984	1,860,984	2,591,113
Receivables:				
Accounts (net of allowance for uncollectibles)	4,592,821	213,452	4,806,273	58,350
Accrued interest	182,780	-	182,780	-
Taxes	-	97,290	97,290	-
Due from other governments	-	90,575	90,575	-
Due from other funds	2,567,472	-	2,567,472	-
Inventories	127,548	116,291	243,839	-
Prepaid expenses	18,788	13,121	31,909	1,944
Restricted investments	145,107,141	24,976	145,132,117	-
Total current assets	152,596,550	3,714,513	156,311,063	3,155,503
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	149,467,647	46,515,974	195,983,621	-
Total assets	302,064,197	50,230,487	352,294,684	3,155,503
Deferred outflows of resources				
Deferred amounts related to OPEB	38,303	-	38,303	-
Deferred amounts related to pensions	704,579	250,124	954,703	-
Total deferred outflows of resources	742,882	250,124	993,006	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,215,061	\$ 546,424	1,761,485	\$ -
Claims payable	-	-	-	423,792
Payable from restricted assets:				
Accrued interest payable	1,568,518	2,069	1,570,587	-
Customer deposits	1,341,121	22,907	1,364,028	-
Unearned revenue	-	383,403	383,403	-
Current portion of noncurrent liabilities	6,259,537	56,896	6,316,433	-
Total current liabilities	10,384,237	1,011,699	11,395,936	423,792

City of Enid, Oklahoma

Statement of Net Position—Proprietary Funds (Continued)
June 30, 2020

	Business-Type Activities			
	Enterprise Funds			Internal Service
	Enid Municipal Authority	Non-major Enterprise Funds	Total	Health Care Fund
Noncurrent liabilities:				
Compensated absences	90,263	29,248	119,511	-
Capital lease obligations	1,429,997	17,267	1,447,264	-
Other postemployment benefits liability	435,029	-	435,029	-
Notes payable, net of unamortized premium	139,411,477	-	139,411,477	-
Net pension liability	2,045,460	726,134	2,771,594	-
Landfill closure and post-closure obligations	4,722,617	-	4,722,617	-
Workers compensation claims	218,133	69,787	287,920	-
Total noncurrent liabilities	148,352,976	842,436	149,195,412	-
Total liabilities	158,737,213	1,854,135	160,591,348	423,792
Deferred inflows of resources				
Deferred amounts related to OPEB	5,257	-	5,257	-
Deferred amounts related to pensions	70,920	25,177	96,097	-
Total deferred inflows of resources	76,177	25,177	101,354	-
Net position				
Net investment in capital assets	88,891,108	46,498,707	135,389,815	-
Restricted:				
Debt service	3,786,745	-	3,786,745	-
Capital improvements	42,122,730	-	42,122,730	-
Unrestricted	9,193,106	2,102,592	11,295,698	2,731,711
Total net position	\$ 143,993,689	\$ 48,601,299	\$ 192,594,988	\$ 2,731,711

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.

\$ 347,683

Total net position per government-wide financial statements

\$ 192,942,671

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

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

	Business-Type Activities			Governmental
	Enterprise Funds			Internal Service
	Enid Municipal Authority	Non-major Enterprise Funds	Total	Health Care Fund
Operating revenues:				
Charges for services:				
Utility operations	\$ 38,756,870	\$ -	\$ 38,756,870	\$ -
Event center	-	1,255,135	1,255,135	-
Airport	-	3,081,692	3,081,692	-
Transit	-	82,855	82,855	-
Healthcare premiums	-	-	-	5,620,441
Other	769,791	644,090	1,413,881	96,242
Total operating revenues	39,526,661	5,063,772	44,590,433	5,716,683
Operating expenses:				
Utility operations	11,511,857	-	11,511,857	-
Event center	-	2,794,684	2,794,684	-
Airport	-	2,638,556	2,638,556	-
Transit	-	708,017	708,017	-
Insurance claims and expenses	-	-	-	4,074,643
Other	224,665	597,229	821,894	-
Depreciation	7,766,699	2,653,402	10,420,101	-
Total operating expenses	19,503,221	9,391,888	28,895,109	4,074,643
Net operating income (loss)	20,023,440	(4,328,116)	15,695,324	1,642,040
Nonoperating revenues (expenses):				
Taxes	-	1,107,335	1,107,335	-
Miscellaneous revenues	15,500	69,989	85,489	-
Interest income	1,651,828	35,109	1,686,937	39,132
Government grants	-	671,078	671,078	-
Gain/(loss) on disposition of assets	56,347	(4,611)	51,736	-
Interest expense and fiscal charges	(5,238,577)	(3,396)	(5,241,973)	-
Total nonoperating revenues (expenses)	(3,514,902)	1,875,504	(1,639,398)	39,132
Net income (loss) before capital contributions and transfers	16,508,538	(2,452,612)	14,055,926	1,681,172
Capital grants	4,928	188,347	193,275	-
Capital asset contributions	19,572,206	-	19,572,206	-
Transfers in	19,480,602	1,326,090	20,806,692	-
Transfers (out)	(35,957,644)	-	(35,957,644)	-
Change in net position	19,608,630	(938,175)	18,670,455	1,681,172
Net position, beginning	124,385,059	49,539,474	173,924,533	1,050,539
Net position, ending	\$ 143,993,689	\$ 48,601,299	\$ 192,594,988	\$ 2,731,711
Change in net position per above			\$ 18,670,455	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue the internal service fund is reported with business-type activities.			324,909	
Change in business-type activities in net position per government-wide financial statements			\$ 18,995,364	

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

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

	Business-Type Activities			
	Enterprise Funds			Internal Service
	Enid Municipal Authority	Non-major Enterprise Funds	Total	Health Care Fund
Cash flows from operating activities:				
Receipts from customers	\$ 39,921,622	\$ 5,397,320	\$ 45,318,942	\$ -
Receipts from interfund services	-	-	-	5,709,569
Payments to suppliers	(6,398,825)	(5,728,753)	(12,127,578)	(49,959)
Claims and benefits paid	-	-	-	(4,622,712)
Payments to employees	(3,928,345)	(1,414,339)	(5,342,684)	-
Net cash provided (used) by operating activities	29,594,452	(1,745,772)	27,848,680	1,036,898
Cash flows from noncapital financing activities:				
Taxes	-	1,119,999	1,119,999	-
Interfund payments	8,867,735	(108,719)	8,759,016	-
Miscellaneous revenues/(expenses)	71,611	69,989	141,600	-
Operating transfers in	19,480,602	1,326,090	20,806,692	-
Operating transfers out	(45,101,411)	-	(45,101,411)	-
Net cash provided (used) by noncapital financing activities	(16,681,463)	2,407,359	(14,274,104)	-
Cash flows from capital and related financing activities:				
Proceeds from issuance of debt	16,878,666	-	16,878,666	-
Principal paid on long-term debt	(18,672,526)	(20,880)	(18,693,406)	-
Interest expense and fiscal charges	(5,651,884)	(1,696)	(5,653,580)	-
Capital grants	4,928	1,083,466	1,088,394	-
Proceeds from sale of capital assets	56,347	-	56,347	-
Acquisition/construction of capital assets	(1,079,792)	(1,182,555)	(2,262,347)	-
Net cash provided (used) by capital and related financing activities	(8,464,261)	(121,665)	(8,585,926)	-
Cash flows from investing activities:				
Purchases of investments	(6,500,000)	(1,000,000)	(7,500,000)	(1,000,000)
Proceeds from sale of investments	235,773	557,315	793,088	44,964
Interest income	1,633,885	35,109	1,668,994	39,132
Net cash provided (used) by investing activities	(4,630,342)	(407,576)	(5,037,918)	(915,904)
Net increase (decrease) in cash and cash equivalents	(181,614)	132,346	(49,268)	120,994
Cash and cash equivalents, beginning	181,614	1,165,478	1,347,092	383,102
Cash and cash equivalents, ending	\$ -	\$ 1,297,824	\$ 1,297,824	\$ 504,096

(Continued)

City of Enid, Oklahoma

Statement of Cash Flows—Proprietary Funds (Continued)
Year Ended June 30, 2020

	Business-Type Activities			
	Enterprise Funds			Internal Service
	Enid Municipal Authority	Non-major Enterprise Funds	Total	Health Care Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ 20,023,440	\$ (4,328,116)	\$ 15,695,324	\$ 1,642,040
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	7,766,699	2,653,402	10,420,101	-
Landfill closure costs	878,158	-	878,158	-
(Increases) decrease in assets:				
Receivables	323,616	7,568	331,184	(7,114)
Inventories	(78,447)	46,600	(31,847)	-
Prepaid expenses	(3,722)	4,786	1,064	-
Pension-related deferred outflows	(494,706)	(181,221)	(675,927)	-
OPEB-related deferred outflows	(35,827)	-	(35,827)	-
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	(16,630)	(554,237)	(570,867)	-
Claims payable	-	-	-	(598,028)
Compensated absences	11,676	(9,169)	2,507	-
Workers' compensation claims	80,443	(5,410)	75,033	-
Unearned revenue	-	330,706	330,706	-
Customer deposits	71,345	(4,726)	66,619	-
Net pension liability	737,458	296,705	1,034,163	-
Other postemployment benefits liability	340,991	-	340,991	-
Pension-related deferred inflows	(13,870)	(2,660)	(16,530)	-
OPEB-related deferred inflows	3,828	-	3,828	-
Total adjustments	9,571,012	2,582,344	12,153,356	(605,142)
Net cash provided (used) by operating activities	\$ 29,594,452	\$ (1,745,772)	\$ 27,848,680	\$ 1,036,898
Supplemental schedule of noncash capital and financial activities:				
Capital contributions	\$ 11,566,180	\$ -	\$ 11,566,180	\$ -
Assets, acquired under capital lease obligations	\$ 856,063	\$ -	\$ 856,063	\$ -

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2020

	Agency Funds	Pension Trust Funds
Assets		
Cash and cash equivalents	\$ 21,912	\$ 293,415
Receivables:		
Accrued interest	-	2,080
Investments	10,617	-
Mutual fund - equities	-	30,269,205
Mutual fund - corporate bonds	-	8,960,961
Money market funds	-	182,481
Participant loans	-	343,984
Total assets	<u>32,529</u>	<u>40,052,126</u>
Liabilities		
Funds held in custody for others	<u>32,529</u>	-
Total liabilities	<u>\$ 32,529</u>	<u>-</u>
Net position - restricted for pensions		<u>\$ 40,052,126</u>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2020

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 1,211,118
Plan members	623,035
Total contributions	<u>1,834,153</u>
Investment earnings:	
Net increase (decrease) in the fair value of investments	(1,031,562)
Interest and dividends	580,619
Total investment earnings	<u>(450,943)</u>
Total additions	<u>1,383,210</u>
Deductions:	
Benefits and withdrawals	3,412,847
Administrative expenses	172,898
Total deductions	<u>3,585,745</u>
Change in net position restricted for pensions	(2,202,535)
Net position restricted for pensions, beginning	<u>42,254,661</u>
Net position restricted for pensions, ending	<u>\$ 40,052,126</u>

The accompanying notes are an integral part of these financial statements.

Note 1. Organization

The City of Enid, Oklahoma (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, social services, culture and recreation, sanitation and solid waste services, public improvements, water utilities, public works, planning and zoning, development and general administrative services.

Note 2. Summary of Significant Accounting Policies

Financial reporting entity: The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Thus, blended component units are appropriately presented as funds of the primary government. The City's financial statements do not include any discretely presented component units.

Blended component units: The Enid Municipal Authority (EMA) serves all citizens of the City and is governed by a board of trustees comprised of the City's elected City Commission members. The City is the sole beneficiary of the EMA and receives all trust properties upon termination. EMA operates the water, wastewater, sanitation collection, and landfill services of the City. The rates for user charges and bond issuance authorizations are approved by the City Commission and the legal liability for the general obligation portion of EMA's debt remains with the City. The City maintains all accounting records. The EMA is presented as an enterprise fund and does not issue separate financial statements.

The Vance Development Authority was established in June 1995 to promote the development of Vance Air Force Base located in Enid, Oklahoma. It is governed by the board of trustees comprised of the City Commission. The City is the sole beneficiary of the Vance Development Authority and receives all trust properties upon termination. The Vance Development Authority is reported as a non-major special revenue fund and does not issue separate financial statements. The Vance Development Authority's operations are managed by the management of the City and its Board of Commissioners are appointed by the City Council. Additionally, the City Council approves the budget for the Vance Development Authority.

The Enid Public Transportation Authority (EPTA) was established in February 1984. The EPTA provides public transportation within the city limits of Enid and North Enid. Transportation is also provided to and from Oklahoma City and Tulsa for a fee sufficient to cover costs. The City of Enid and North Enid have a combined land area of approximately 75 square miles. Estimated ridership of the EPTA is 3,900 trips per month. The type of service offered is on-demand response service. The City of Enid would receive all properties upon termination of the authority. EPTA is presented as a blended enterprise fund and does not issue separate financial statements. The EPTA's operations are managed by the management of the City. Additionally, the City Council approves the budget for the EPTA.

The Enid Economic Development Authority (EEDA) was established in April 1987, for economic development purposes, including industrial recruitment and assistance to new and expanding industry with relocation assistance and infrastructure construction. It is governed by a board of trustees comprised of the City's elected City Council. The City is the sole beneficiary of the EEDA and receives all trust property upon termination. The City maintains all accounting records. EEDA is presented as a governmental fund and does not issue separate financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of presentation:

Government-wide financial statements – While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the 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. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. All other governmental revenues are reported as general. All taxes are classified as general revenue.

Fund financial statements – The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Governmental funds – The City reports the following major governmental funds:

- The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The police fund is a special revenue fund which accounts for the resources accumulated from a portion of sales tax revenues and payments made for police operations and capital expenditures and committed revenues from the general fund.
- The fire fund is a special revenue fund which accounts for the resources accumulated from a portion of sales tax revenues and payments made for fire operations and capital expenditures and committed revenues from the general fund.
- The water capital improvement fund is a capital project fund which accounts for the resources accumulated from a portion of sales tax revenues and customer payments made to help fund drinking water projects of the City.

Note 2. Summary of Significant Accounting Policies (Continued)

The other governmental funds are reported as non-major governmental funds. The aggregate non-major governmental funds include debt service funds, special revenue funds, and capital project funds. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary funds – The City reports the following major enterprise fund:

- The Enid Municipal Authority accounts for the City's utility operations including water, wastewater, sanitation and landfill.

The City also reports non-major enterprise funds.

Additionally, the City reports the following fund types:

- The pension trust funds account for the activities of the Employee Retirement System of Enid, Oklahoma, and the City of Enid, Oklahoma 401(k) Supplement Plan which accumulate resources for pension benefit payments to qualified employees.
- The agency fund accounts for the court bond and Council on Law Enforcement Education and Training (CLEET) fund deposits.
- The internal service fund accounts for the health and dental benefits administered to City employees.

Interfund activity: During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due to/due from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities and business-type activities are eliminated so that only the net amount is included as internal balances in the government-wide financial statements.

Further, certain activity occurs during the year involving transfer of resources between funds. In the fund financial statements these amounts are reported as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the government-wide financial statements. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Note 2. Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The proprietary and pension benefit trust funds are also reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, other postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, fines, charges for services, 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. Expenditure-driven grants are recognized as revenue when the eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Note 2. Summary of Significant Accounting Policies (Continued)

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:

Cash and cash equivalents – The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Pooled cash and investments – Certain cash funds and investments belonging to the City and its component units are placed in a pooled cash fund. This “pooled cash” concept is used to maintain the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each participating fund has equity in the pooled accounts. This equity in the pooled cash accounts is allocated to the fund level as cash and investments.

Statement of cash flows – For purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits.

Investments – Investments for the City, as well as for its component units, are reported at fair value, with the exception of non-negotiable certificates of deposit which are reported at cost. Negotiable certificates of deposits are recorded at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

Receivables – All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable are reserved by aging category as follows:

Current	5%
0 - 30 Days	10%
31 - 60 Days	20%
61 - 90 Days	50%
Over 120 Days	80%

Inventories and prepaid items - Inventories are valued at cost using the lower of cost or market method and consist of warehouse supplies and fuel at the service center, landfill and central supply. The cost of inventory is allocated to the user departments based upon consumption. Airport and golf course inventories are sold to end users using costs of goods sold accounts.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets – Certain proceeds of the general obligation bonds, revenue bonds and sales tax notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position and the balance sheet because they are maintained in separate trustee accounts, and their use is limited by applicable debt covenants. Construction accounts are used to report those proceeds of bond and note issuances that are restricted for use in construction.

Note 2. Summary of Significant Accounting Policies (Continued)

Capital assets – Capital assets, which include land, construction in process, buildings, infrastructure, equipment and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of more than one year. Assets acquired with federal grant money are capitalized when the individual cost of the asset is more than \$5,000 and have an estimated useful life of more than one year. As the City acquires or constructs capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. Buildings, infrastructure, equipment, and vehicles of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	20 - 50
Infrastructure	20 - 50
Equipment	3 - 10
Vehicles	5 - 10

Deferred outflows/inflows of resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualifies for reporting in this category. Deferred amounts related to pensions and OPEB are reported as deferred outflows in the government-wide statement of net position.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund balance sheet and the government-wide statement of net position includes succeeding year property tax revenue, which is reported as a deferred inflow of resources under both the modified accrual and accrual basis of accounting. Deferred amounts related to pensions and OPEB are also reported as deferred inflows in the government-wide statement of net position. In addition, deferred amounts related to revenues related to the Community Development Block Grant revenues used for the reimbursement of a note payable from the Department of Housing and Urban Development are reported as a deferred inflow of resources under the modified accrual basis of accounting in the governmental fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the funds become available.

Note 2. Summary of Significant Accounting Policies (Continued)

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 City of Enid Retirement Plan (ERP), the Oklahoma Firefighters Pension and Retirement System (OFPRS), and the Oklahoma Police Pension and Retirement System (OPPRS) and additions to/deductions from ERP's, OFPRS', and OPPRS's fiduciary net position have been determined on the same basis as they are reported by ERP, OFPRS, and 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.

Other postemployment benefits (OPEB) – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Compensated absences – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is some liability for unpaid accumulated sick leave since the City does pay retiring, full-time regular employees who have accrued 90 days of sick leave \$50 per day up to twelve accrued unused sick leave days per year. Employees employed under the International Association of Fire Fighters (the "IAFF") received \$75 per day. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Long-term debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position including discretely presented component units. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Issuance costs are reported as expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt principal payments are reported as expenditures.

Note 2. Summary of Significant Accounting Policies (Continued)

Fund balances and net position

Fund balances – Governmental fund balances are classified as nonspendable, restricted, committed, assigned and unassigned as follows:

- a. *Nonspendable* – includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. *Assigned* – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City Commission's action or the City Manager when the City Council has designated that authority through the budget resolutions. The City had no assigned fund balance at June 30, 2020.
- e. *Unassigned* – all amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net position – Net position is displayed in three components as follows:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction or improvement of these assets. Net investment in capital assets excludes unspent bond proceeds.
- b. *Restricted net position* – consists of net position with constraints placed on the use 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 do not meet the definition of "net investment in capital assets" or "restricted."

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 2. Summary of Significant Accounting Policies (Continued)

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Sales taxes: The sales tax rate in the City of Enid is 9.1%. The State of Oklahoma receives 4.5%, the City receives 4.25% and Garfield County receives .35%. The 4.25% for the City of Enid is broken down as follows:

- 2% remains in the General Fund to fund City operations.
- 1% is transferred to the Enid Municipal Authority to pay for capital infrastructure and water bond debt.
- ¼% is restricted for the Police and Fire Fund for public safety purposes.
- 1% is transferred to the Enid Municipal Authority to pay for the Kaw Lake Project and the related debt.

The use tax mirrors the sales tax rate and applies to purchases by a resident or business in Enid for the use, storage or consumption of goods in Oklahoma that were purchased outside of the state.

Property taxes: Property taxes revenue recognized by the City are billed and collected by the county treasurer's office and remitted to the City in the month following the collection. Property taxes are levied annually in November and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following November. The City recognizes the tax revenue in the year it is levied by Garfield County. For the years ended June 30, 2020 and 2019, the City's net assessed valuation of taxable real and personal property aggregated \$415,488,013 and \$409,799,040 while the property taxes levied per \$1,000 had a millage rate of .00 in 2020 and 2019.

Note 2. Summary of Significant Accounting Policies (Continued)

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

The following pronouncements will be implemented in future periods.

Fiscal Year Ending June 30, 2021:

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017 will be effective for the City beginning with its year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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.

Fiscal Year Ending June 30, 2022:

- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its year ending June 30, 2022. Statement No. 87 is designed to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases 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 is currently evaluating the potential impact these statements will have on its financial statements. The City does not believe GASB Statement No. 84 will have a significant impact on its financial statements. The City has not yet determined the impact that implementation of GASB Statement No. 87 might have on its financial statements; however, such impact could be material..

Subsequent events: In December 2020, the Enid Municipal Authority issued a new note payable, the Series 2020 Drinking Water SRF Promissory Note to pay for the construction of the Kaw Lake Water Supply Program. The Series 2020 Drinking Water SRF Promissory Note has an outstanding principal balance of \$205,000,000. The interest rate is 1.84% with an administrative fee of 0.5%. The payments will commence one year after the completion of the construction and will reach maturity 30 years upon completion of construction.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds

Cash and investments: The City held the following deposits and investments at June 30, 2020:

Governmental and Proprietary			Investment Maturities (in Years)			
Type:	Carrying Value	Credit Rating	Less than 1	1 - 5	6 - 10	More than 10
Demand deposits	\$ 19,646,199	n/a	N/A	N/A	N/A	N/A
Petty cash and change funds	7,750	n/a	N/A	N/A	N/A	N/A
Time deposits	21,898,000	n/a	2,000,000	19,648,000	-	250,000
Investments:						
Government money market funds	102,885,123	Aaa-mf	102,885,123	-	-	-
Negotiable certificates of deposits	24,850,000	n/a	2,350,000	22,500,000	-	-
U.S. Agency securities	33,080,482	Aaa	33,080,482	-	-	-
Total cash and cash equivalents and investments	<u>\$ 202,367,554</u>		<u>\$ 140,315,605</u>	<u>\$ 42,148,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>
Reconciliation to statement of net position:						
Cash and cash equivalents	\$ 10,473,076					
Investments	46,712,406					
Restricted cash and investments	145,182,072					
	<u>\$ 202,367,554</u>					
Agency and Fiduciary			Investment Maturities (in Years)			
Type:	Fair Value	Credit Rating	Less than 1	1 - 5	6 - 10	More than 10
Demand deposits	\$ 315,327	n/a	N/A	N/A	N/A	N/A
Investments:						
Negotiable certificates of deposits	10,617	n/a	2,973	6,476	1,168	-
Mutual funds - equities	30,269,205	n/a	30,269,205	-	-	-
Mutual funds - corporate bonds	8,960,961	Bb - Aaa	8,960,961	-	-	-
Money market fund	182,481	not rated	182,481	-	-	-
Total cash and cash equivalents and investments	<u>\$ 39,738,591</u>		<u>\$ 39,415,620</u>	<u>\$ 6,476</u>	<u>\$ 1,168</u>	<u>\$ -</u>

Government money market funds are measured at amortized cost as opposed to their fair value as they have maturity dates of less than one year at the time of purchase.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2020, the City had no bank balances that were not covered by Federal Depository Insurance or collateralized by securities pledged by the banks and held in safekeeping by another bank.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Investments: The City uses a pooled investment concept for all its funds, with the exception of restricted funds in connection with debt securities, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes limit investments to the following: a) direct obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit within the state, and insured certificates only if out of state; c) savings accounts or savings certificates; d) fully collateralized prime banker acceptances, prime commercial paper, repurchase agreements, or SEC-regulated money market funds; e) obligations to the payment of which the full faith and credit of the state is pledged; f) county, municipal, or school district and valorem tax funded debt; g) bonds, notes, or money judgments of a county, municipality, or school district; h) revenue anticipation notes of a public trust of which the municipality is beneficiary; or i) any bond, note, or other debt of any public trust of which the municipality is sole beneficiary, or other entities whose governing boards were appointed by the municipality. The City's investment policy does not further limit its investment choices.

Fair value measurements: The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 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
Negotiable certificates of deposit	\$ -	\$ 24,850,000	\$ -	\$ 24,850,000
U.S. Agency securities	8,990,553	33,080,482	-	42,071,035
	<u>\$ 8,990,553</u>	<u>\$ 57,930,482</u>	<u>\$ -</u>	<u>\$ 66,921,035</u>

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual fund - equity	\$ 30,269,205	\$ -	\$ -	\$ 30,269,205
Mutual fund - corporate bonds	8,960,961	-	-	8,960,961
Money market fund	182,481	-	-	182,481
	<u>\$ 39,412,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,412,647</u>

The value of Level 2 inputs are determined using quoted prices for similar assets or liabilities in active markets. The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements.

Note 3. Detailed Notes on All Activities and Funds (Continued)

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 discloses its exposure to interest rate risk by disclosing the maturity in years of its various investments. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: 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.

Concentration of credit risk: The City places no limit on the amount it may invest in any one issuer. More than 5% of the City's investments are in U.S. Agency securities. 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.

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City's policy to maintain investment securities that are insured or registered in the City's name and held by the City or its agent in the City's name whenever possible. As of June 30, 2020, the City's investments were not exposed to custodial credit risk as all the City's investments were registered in the name of the City and held by a counterparty.

Restricted cash and investments: The amounts reported as restricted cash and investments included the Enid Municipal Authority 2003 Sales Tax note, 2009 OWRB note, 2010 OWRB note, 2015 Revenue note, 2018B OWRB note, 2019 OWRB note and the 2020 CWSRF note in the Enid Municipal Authority fund, as well as the EEDA Tax Apportionment Bonds and Series 2015 in the Enid Economic Development Authority fund, include restricted cash and investments for sinking funds and reserve funds for repayment of principal and interest when due. Restricted balances also contain \$37,615,821 in unspent note proceeds from the 2018B OWRB Note and \$51,528,454 in unspent note proceeds from the 2019 OWRB Note set aside for the Kaw Lake project in the Enid Municipal Authority fund and \$819,046 for other projects. Additionally, funds transferred to the Enid Municipal Authority that are restricted for the purpose of acquiring capital assets through a 1% sales tax, 1% sales tax to fund the Kaw Lake Water Supply program, and sanitary sewer fee restriction are included in the restricted cash and investments of the Enid Municipal Authority fund.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

The following is a summary of the debt issuances that require restricted cash and investments to be maintained. The balances as of June 30, 2020, are as follows:

	Governmental Funds	Proprietary Funds	Totals
EMA T-Bills and Premiums	\$ -	\$ 8,990,553	\$ 8,990,553
EMA 2009 OWRB Note	-	86,279	86,279
EMA 2010 OWRB Note	-	364,888	364,888
EMA 2016 OWRB Note	-	453,772	453,772
EMA 2012 Sales Tax Note	-	44,462	44,462
EMA 2015 Revenue Note	-	1,320,677	1,320,677
1% Restricted Sales Tax	-	23,906,140	23,906,140
1% Restricted Tax for Kaw Lake	-	9,226,038	9,226,038
Sanitary Sewer Capital Improvements	-	9,174,342	9,174,342
EMA BOK 2018b OWRB Project Fund	-	37,615,821	37,615,821
EMA BOK 2018b OWRB FAP Debit SRVC	-	1,024,237	1,024,237
EMA BOK 2019 OWRB Project Fund	-	51,528,454	51,528,454
EMA BOK 2019 OWRB FAP Debit SRVC	-	1,140,113	1,140,113
EMA BOK 2020 CWSRF Debit SRVC	-	231,365	231,365
EEDA Series 2015 Sales Tax Revenue Note	49,955	-	49,955
Total restricted cash and investments	<u>\$ 49,955</u>	<u>\$ 145,107,141</u>	<u>\$ 145,157,096</u>

Receivables: Receivables as of June 30, 2020, for the City of Enid's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Receivables						
	Taxes	Accounts	Due from Other Governments	Accrued Interest	Other	Allowance for Doubtful Accounts	Net Receivables
Governmental activities:							
Fund:							
General	\$ 5,668,863	\$ 56,561	\$ 6,300	\$ -	\$ -	\$ (46,135)	\$ 5,685,589
Police	160,467	-	13,000	-	-	-	173,467
Fire	160,467	-	-	-	-	-	160,467
Internal Service Fund	-	58,350	-	-	-	-	58,350
Non-major governmental funds	209,982	-	405,631	10,122	-	-	625,735
Total governmental activities	<u>6,199,779</u>	<u>114,911</u>	<u>424,931</u>	<u>10,122</u>	<u>-</u>	<u>(46,135)</u>	<u>6,703,608</u>
Business-type activities:							
Fund:							
Enid Municipal Authority	-	4,934,083	-	182,780	-	(341,262)	4,775,601
Non-major enterprise funds	97,290	220,571	90,575	-	-	(7,119)	401,317
Total business-type activities	<u>97,290</u>	<u>5,154,654</u>	<u>90,575</u>	<u>182,780</u>	<u>-</u>	<u>(348,381)</u>	<u>5,176,918</u>
Net total receivables	<u>\$ 6,297,069</u>	<u>\$ 5,269,565</u>	<u>\$ 515,506</u>	<u>\$ 192,902</u>	<u>\$ -</u>	<u>\$ (394,516)</u>	<u>\$ 11,880,526</u>

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Capital assets: Capital asset balances and activities for the year ended June 30, 2020, were as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 6,308,180	\$ 72,847	\$ 226,297	\$ (40,000)	\$ 6,567,324
Construction in progress	15,354,731	5,063,923	(10,659,191)	-	9,759,463
Total capital assets, not being depreciated	21,662,911	5,136,770	(10,432,894)	(40,000)	16,326,787
Capital assets, being depreciated:					
Buildings	16,337,655	52,552	24,409	(209,016)	16,205,600
Infrastructure	90,904,045	-	9,792,873	-	100,696,918
Equipment	12,030,690	389,492	617,098	(245,001)	12,792,279
Vehicles	12,197,545	535,274	(80,292)	(391,288)	12,261,239
Total capital assets, being depreciated	131,469,935	977,318	10,354,088	(845,305)	141,956,036
Less accumulated depreciation for:					
Buildings	(9,187,309)	(597,023)	-	23,129	(9,761,203)
Infrastructure	(53,182,593)	(2,621,638)	-	-	(55,804,231)
Equipment	(10,419,851)	(969,274)	(1,484)	244,999	(11,145,610)
Vehicles	(10,470,643)	(606,034)	68,702	391,290	(10,616,685)
Total accumulated depreciation	(83,260,396)	(4,793,969)	67,218	659,418	(87,327,729)
Total capital assets, being depreciated, net	48,209,539	(3,816,651)	10,421,306	(185,887)	54,628,307
Governmental activities capital assets, net	\$ 69,872,450	\$ 1,320,119	\$ (11,588)	\$ (225,887)	\$ 70,955,094
Capital assets, not being depreciated:					
Land	\$ 7,679,181	\$ -	\$ -	\$ -	\$ 7,679,181
Construction in progress	31,980,142	20,203,612	(26,935,216)	-	25,248,538
Total capital assets, not being depreciated	39,659,323	20,203,612	(26,935,216)	-	32,927,719
Capital assets, being depreciated:					
Buildings	78,477,158	41,786	2,591,609	(47,026)	81,063,527
Infrastructure	150,954,610	-	24,343,607	-	175,298,217
Equipment	25,945,768	125,203	(1,486)	(27,077)	26,042,408
Vehicles	9,303,352	1,757,070	80,290	(952,108)	10,188,604
Total capital assets, being depreciated	264,680,888	1,924,059	27,014,020	(1,026,211)	292,592,756
Less accumulated depreciation for:					
Buildings	(24,613,358)	(3,792,086)	-	47,026	(28,358,418)
Infrastructure	(72,170,941)	(4,557,100)	-	-	(76,728,041)
Equipment	(16,304,961)	(1,206,721)	1,487	27,078	(17,483,117)
Vehicles	(6,677,171)	(864,194)	(68,703)	642,790	(6,967,278)
Total accumulated depreciation	(119,766,431)	(10,420,101)	(67,216)	716,894	(129,536,854)
Total capital assets, being depreciated, net	144,914,457	(8,496,042)	26,946,804	(309,317)	163,055,902
Business-type activities capital assets, net	\$ 184,573,780	\$ 11,707,570	\$ 11,588	\$ (309,317)	\$ 195,983,621

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 884,716
Public safety	914,876
Public works	2,904,555
Cultural and recreation	21,787
Economic development	68,035
Total governmental activities	<u>\$ 4,793,969</u>

Business-type activities:

Utility operations	\$ 7,766,699
Airport	819,248
Golf	40,628
Transit	88,662
Event center	1,704,864
Total business-type activities	<u>\$ 10,420,101</u>

Deposits subject to refund: Utility customers are required to make a meter deposit which is refunded upon the customer's termination of services, or upon request after twelve months of on-time payments with no cut-offs, provided there are no outstanding bills. Monies are deposited into the pooled cash account, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2020, the liability to utility customers was \$1,341,121. Customer deposits also included \$22,907 related to future events at the Enid Event Center and Convention Hall.

Appearance bonds and other payments made to the municipal court funds reported in the agency fund financial statements are held until final disposition by the court, at which time they are refunded to the bondholder or paid over to the City general fund as fines.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Long-term liabilities: The City's long-term liabilities consist of revenue bonds and notes payable, accrued compensated absences, net pension liability, OPEB liability, workers' compensation claims, and capital lease obligations. Long-term liabilities transactions for the year ended June 30, 2020, were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,123,350	\$ 1,359,400	\$ (1,162,376)	\$ 2,320,374	\$ 1,161,671
Workers' compensation claims	1,182,683	-	(76,059)	1,106,624	354,120
Judgments	-	-	-	-	-
Capital lease obligations	469,851	-	(170,416)	299,435	55,295
Notes payable	1,988,000	-	(658,000)	1,330,000	505,000
Tax apportionment bonds	-	-	-	-	-
Total governmental activities	<u>\$ 5,763,884</u>	<u>\$ 1,359,400</u>	<u>\$ (2,066,851)</u>	5,056,433	2,076,086
Reconciliation to Statement of Net Position:					
Plus: Net pension liability				25,125,766	-
OPEB liability				1,957,632	-
				<u>\$ 32,139,831</u>	<u>\$ 2,076,086</u>

Business-type activities:

Compensated absences	\$ 270,686	\$ 23,619	\$ (21,112)	\$ 273,193	\$ 153,682
Workers' compensation claims	259,758	94,559	(19,526)	334,791	46,871
Landfill closure and post-closure and other long-term liabilities	3,844,459	878,158	-	4,722,617	-
Revenue notes payable	1,745,000	-	(1,160,000)	585,000	585,000
Notes payable	140,204,666	16,012,767	(16,637,283)	139,580,150	4,642,997
Add: Unamortized premium on notes payable	4,795,828	-	(160,752)	4,635,076	160,752
Capital lease obligations	2,204,619	865,899	(896,123)	2,174,395	727,131
Total business-type activities	<u>\$ 153,325,016</u>	<u>\$ 17,875,002</u>	<u>\$ (18,894,796)</u>	152,305,222	6,316,433
Reconciliation to Statement of Net Position:					
Plus: Net pension liability				2,771,594	-
OPEB liability				435,029	-
				<u>\$ 155,511,845</u>	<u>\$ 6,316,433</u>

Accrued compensated absences of governmental activities is primarily liquidated by the General Fund, Police Fund and Fire Fund. Accrued compensated absences of business-type activities is primarily liquidated by the Enid Municipal Authority. Other postemployment benefits liabilities of governmental activities are liquidated primarily by the General Fund. Workers' compensation claims liabilities of governmental activities are liquidated primarily by the General Fund, Police Fund and Fire Fund. Workers' compensation claims liabilities of business-type activities is primarily liquidated by the Enid Municipal Authority.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Governmental activities long-term debt payable from property tax levies and other revenues, including sales taxes, includes the following:

Governmental Activities:

Notes payable:

Note payable in the amount of \$2,920,000 with interest in semiannual installments and principal in 84 monthly installments beginning February 1, 2017 with final installment due January 1, 2023, with interest at 3.03% for economic development. Note will be repaid using future sales tax revenues. \$ 1,330,000

Capital lease obligations:

Motorola solutions dated 05/01/2019 with 7 payments of \$67,242 including an interest rate of 3.99%. This note also includes a \$50,000 down payment. 299,435
 The purchase of equipment for operational use and has a net book value of \$462,127 299,435

Total long-term notes and bonds payable for governmental activities \$ 1,629,435

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

Business-Type Activities:

Revenue notes:

Series 2015: Enid Municipal Authority Utility System and Sales Tax Revenue Note to Branch Banking and Trust Company, dated June 30, 2015, in the amount of \$5,615,000, payable in semiannual installments over 5 years, every January 1 and July 1, including interest at 1.70% for the construction of Willow Road widening, Cleveland and Chestnut intersection, well field improvements and waterline relocation. 585,000

Total revenue notes 585,000

Notes payable:

Series 2000A: Note payable to the Oklahoma Water Resources Board, dated December 27, 2000, in the amount of \$1,184,042 payable in semiannual principal installments beginning February 15, 2001 and maturing August 15, 2020, interest rate of 0.50% with an administrative fee at the rate of 0.50% for sewer improvements. 29,601

Series 2002A: Note payable to the Oklahoma Water Resources Board, dated August 14, 2002, in the amount of \$1,080,000 payable in semiannual principal installments beginning February 15, 2003 and maturing February 15, 2022, interest rate of 0.50% with an administrative fee of 0.50% for sewer improvements. 110,769

Series 2009: Drinking water SRF promissory note to Oklahoma Water Resources Board, dated November 20, 2009, in the amount of \$8,345,000, payable in semiannual payments over 20 years, each March 15 and September 15, including interest at 2.37% and an administrative fee of 0.50%, maturing September 2030, for the purchase and installation of automated metering system. 3,088,693

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

<p>Series 2010: Clean water SRF promissory note to the Oklahoma Water Resources Board/ Oklahoma Development Finance Authority, dated May 25, 2011, in the amount of \$39,900,000 payable in semiannual installments over 20 years each March 15 and September 15, including interest at 2.31% plus an administration fee of 0.50%, maturing March 2032 for the construction of a wastewater treatment plant.</p>	13,222,843
<p>Series 2012: Enid Municipal Authority Taxable Sales Tax Revenue Note to Bank of Oklahoma, dated January 3, 2012, payable in semiannual installments, including interest at a variable rate of interest equal to the British Banker's Association LIBOR 6-month rate plus 212 basis points, initially 2.54365% and reset each June 1 and December 1, interest rate 4.58% at June 30, 2019, maturing January 2021, to provide funds for construction of a new Events Center and renovation of Convention Hall.</p>	260,000
<p>Series 2016: Enid Municipal Authority Taxable promissory note to the Oklahoma Water Resources Board, dated December 21, 2016, payable in semiannual installments including interest at a rate of 2.2% with a maturity date of September 15, 2046 to provide funds for the Kaw Lake Project.</p>	13,185,000
<p>Series 2018B: Promissory note to the Oklahoma Water Resources Board September 20, 2018, payable in semiannual installments including interest rate of 3.2% with a maturity date of October 1, 2048 to provide funds for the Kaw Lake Project.</p>	42,260,000
<p>Series 2018A: Drinking Water SRF promissory note to the Oklahoma Water Resources Board, dated September 10, 2018, payable in semiannual installments including interest rate of 2.49% with a maturity date of March 15, 2050 to provide funds for the Kaw Lake Project.</p>	9,776,632
<p>Series 2019A: Promissory note to the Oklahoma Water Resources Board, dated February 13, 2019, payable in semiannual installments including interest rate of 4.2% with a maturity date of October 1, 2048 to provide funds for the Kaw Lake Project.</p>	47,595,000
<p>Series 2019B: Clean water SRF promissory note to Oklahoma Water Resources Board, dated September 10, 2019, in the amount of \$10,431,584, payable in semiannual installments over 12 years, including interest at 1.53%, maturing March 2032, to provide funds for the construction of a new wastewater treatment center and a partial refunding of the Series 2010 bond issue.</p>	<u>10,051,612</u>
<p>Notes payable</p>	139,580,150
<p>Plus: Premium on Series 2016, 2018B and 2019A promissory note</p>	<u>4,635,076</u>
<p>Total notes payable</p>	<u>144,215,226</u>

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Capital lease obligations:

Financial Services dated July 12, 2016 with 48 monthly payments of \$366 including interest at 2.30%, for the purchase of a truck with a remaining net book value of \$0. 1,089

Financial Services dated July 12, 2016 with 48 monthly payments of \$691 including interest at 2.30%, for the purchase of a mower with a remaining net book value of \$0. 2,073

Caterpillar Financial dated November 29, 2017 with 60 monthly payments of \$11,950 including interest at 5.56% for the purchase of one 623K scraper with a remaining net book value of \$61,415. 572,741

Yellowhouse Machinery Co. dated December 17, 2015 with 60 monthly payments of \$7,907 including interest at 2.1%, for the purchase of a landfill compactor with a remaining net book value of \$0. 159,828

Yellowhouse Machinery Co. dated December 17, 2015 with 60 monthly payments of \$6,509 including interest at 2.55%, for the purchase of a dozer with a remaining net book value of \$0. 79,704

John Deere Financial dated April 1, 2019 with 36 monthly payments of \$706 including interest of 5.50% , for the purchase of a Tri-Deck roller mower with a remaining net book value of \$12,850. 14,104

Arvest Equipment Finance dated July 25, 2018 with 35 monthly payments of \$14,511 and 1 final payment of \$396,210 including interest at 3.86% for the purchase of three Mack trash trucks with a remaining net book value of \$510,030. 550,555

Arvest Equipment Finance dated December 11, 2019 with 35 monthly payments of \$14,899 and 1 final payment of \$408,799 including interest at 3.35% for the purchase of three Mack trash trucks with a remaining net book value of \$783,568. 794,301

Total capital lease obligations 2,174,395

Total long-term notes, bonds and capital leases payable for business-type activities \$ 146,974,621

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

The City's outstanding notes from direct borrowings related to governmental activities of \$1,330,000 contain a provision that in an event of default, outstanding amounts may become immediately due if the City is unable to make payment.

The City's direct borrowings related to business-type activities for outstanding notes payable and revenue bonds of \$139,580,150 and \$585,000, respectively, contain accelerated payment provisions in the event of default if the City is unable to make payment. In addition, if the City defaults on any of its required payments, the amount of such default shall bear interest at the rate of 14% per annum, from the date of default until the date of payment thereof in full. The notes are secured by pledged revenues and contain debt service coverage requirements of 125% of annual debt service payments for the net revenues available for debt service. Non-compliance with the debt service coverage requirement may require an initial deposit to the debt reserve account in the amount of 1/24th of the cash reserve requirement for a period of not more than 24 months until the cash reserve requirement is fully funded.

Annual debt service requirements to maturity for governmental and business-type activities long-term debt are as follows:

Year Ending June 30,	Governmental Activities			
	Capital Lease		Notes Payable	
	Principal	Interest	Principal	Interest
2021	\$ 55,295	\$ 11,947	\$ 505,000	\$ 33,343
2022	57,501	9,741	515,000	17,928
2023	59,795	7,447	310,000	3,156
2024	62,181	5,061	-	-
2025	64,663	2,580	-	-
Totals	\$ 299,435	\$ 36,776	\$ 1,330,000	\$ 54,427

Year Ending June 30,	Business-Type Activities					
	Revenue Notes		Capital Lease		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 585,000	\$ 4,973	\$ 671,837	\$ 78,638	\$ 4,642,997	\$ 5,564,017
2022	-	-	679,180	45,579	4,480,578	5,319,735
2023	-	-	823,378	17,266	4,558,614	5,177,519
2024	-	-	-	-	4,707,027	5,023,582
2025	-	-	-	-	4,864,253	4,858,179
2026 - 2030	-	-	-	-	26,428,934	21,073,061
2031 - 2035	-	-	-	-	20,366,562	14,981,543
2036 - 2040	-	-	-	-	19,305,000	11,379,417
2041 - 2045	-	-	-	-	23,600,000	6,987,369
2046 - 2050	-	-	-	-	21,045,000	1,723,509
Undetermined ¹	-	-	-	-	5,581,185	-
Totals	\$ 585,000	\$ 4,973	\$ 2,174,395	\$ 141,483	\$ 139,580,150	\$ 82,087,931

¹ Balance is for draws on incompleting project for which a payoff schedule has not been determined.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Pledged Revenues

<i>Description of Pledge</i>	<u>Remaining Principal and Interest</u>	<u>Current Year Debt Service</u>	<u>Pledged Revenues</u>	<u>Debt Payment as % of Pledged Revenue</u>
<i>Governmental Activities:</i>				
Series 2010A: The City has pledged the proceeds from Community Development Block Grant under section 108 of the Housing and Community Development Act, to repay HUD Note B-99-MC-40-0007, Series 2010A. The note is payable through 2020 and was used to acquire Phillips University Campus in 1998.	\$ -	\$ 180,937	\$ 410,809	44.04%
2015 Sales Tax Revenue Note: The City has pledged the proceeds from a 0.125% sales tax, to repay the Series 2015 Sales Tax Revenue Note. The bond is payable through 2023 and was used to provide funds to promote local economic development by providing economic incentives for the redevelopment of underutilized property.	1,384,427	528,177	1,217,538	43.38%
<i>Business-Type Activities:</i>				
Series 2015 Revenue Note: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Enid Municipal Authority Sales Tax Revenue Note, Taxable Series 2015. The note is payable through 2020 and was used to make capital improvements, including street, utility line relocation, water well field improvements and replacement of wells and engineering costs associated with alternate water supply development.	589,973	1,184,778	37,291,003	3.18%
Series 2000A: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Series 2000A clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2021 and was used to finance Upper Boggy Creek Relief Line.	29,676	59,576	37,291,003	0.16%
Series 2002A: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Series 2002A clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2022 and was used to finance Upper North Boggy Creek Relief Line.	111,471	56,156	37,291,003	0.15%
Series 2009: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Series 2009 drinking water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2031 and was used to finance an automated meter infrastructure.	3,481,401	329,964	37,291,003	0.88%
Series 2010: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Series 2010 clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2032 and was used to finance a new wastewater treatment facility.	15,404,320	1,794,773	37,291,003	4.81%

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

<i>Description of Pledge</i>	<u>Remaining Principal and Interest</u>	<u>Current Year Debt Service</u>	<u>Pledged Revenues</u>	<u>Debt Payment as % of Pledged Revenue</u>
<i>Business-Type Activities (Continued):</i>				
Series 2012: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Series 2012 drinking water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2021 and was used to finance two water towers.	-	1,225,287	37,291,003	3.29%
2012 Sales Tax Revenue Note: The City has pledged the proceeds from a 0.5% of the first 1% of a 2% sales tax, to repay the Enid Municipal Authority Sales Tax Revenue Note, Taxable Series 2012. The note is payable through 2021 and was used to construct the Enid Event Center & Convention Hall renovation.	548,177	1,529,823	4,165,963	36.72%
Series 2016: The City has pledged the 0.75% of the proceeds from a 1% sales tax, to repay the Series 2016 Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2047 and was used to finance the Kaw Lake Project.	22,152,923	824,551	9,740,301	8.47%
Series 2018B: The City has pledged the proceeds from a 2% sales tax along with utility revenues, to repay the Series 2018B Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2048 and was used to provide funds toward the Kaw Lake Project.	71,901,326	2,442,432	55,420,721	4.41%
Series 2018A: The City has pledged the proceeds from a 2% sales tax along with utility revenues, to repay the Series 2018A Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2050 and was used to provide funds toward the Kaw Lake Project.	9,508,837	150,659	55,420,721	0.27%
Series 2019: The City has pledged the proceeds from a 2% sales tax along with utility revenues, to repay the Series 2019A Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2048 and was used to provide funds toward the Kaw Lake Project.	82,402,744	2,781,750	55,420,721	5.02%
Series 2019: The City has pledged the proceeds from a 2% sales tax along with utility revenues, to repay the Series 2019B Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2032 and was used to provide funds to finance a new wastewater treatment facility.	11,055,849	460,217	55,420,721	0.83%

Judgments: Judgments against the City may be paid by a property tax assessment over a three-year period.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

Interfund receivables, payables and transfers: The composition of interfund balances as of June 30, 2020, is as follows:

	Receivables	Payables
Major governmental funds, General	\$ -	\$ 2,567,472
Major governmental funds, Capital Improvement	9,143,767	-
Major enterprise funds, Enid Municipal Authority	2,567,472	9,143,767
	\$ 11,711,239	\$ 11,711,239

Due to/due from other funds: Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivables and payables are scheduled to be collected in the subsequent year.

Interfund transfers: The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers In	Transfers Out
Major governmental funds, General	\$ 11,375,000	\$ 38,110,787
Major governmental funds, Police	9,857,580	350,000
Major governmental funds, Fire	7,730,415	75,000
Major governmental funds, Water Capital Improvement	12,051,233	-
Non-major governmental funds	12,713,788	41,277
Major enterprise funds, Enid Municipal Authority	19,480,602	35,957,644
Non-major enterprise funds	1,326,090	-
	\$ 74,534,708	\$ 74,534,708

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other governmental and proprietary funds in accordance with budgetary functions.

In addition to the above, during the year ended June 30, 2020, the City transferred capital assets totaling \$18,598,061 from governmental activities to business-type activities.

Landfill closure and post-closure liability: Federal and State regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of those costs as an operating expense of the Enid Municipal Authority each fiscal year. The amount of the current period expense is based upon the amount of landfill capacity used as of each fiscal year end as adjusted by actual usage and estimates.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 3. Detailed Notes on All Activities and Funds (Continued)

The \$4,722,617 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2020, represents the cumulative amount of such cost reported to date based on the use of approximately 78% of the estimated capacity of the landfill. The Enid Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$1,422,062 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020.

The City expects to close the landfill in 2039. Actual costs may be more or less at that time than are currently estimated. The estimated closure and post-closure costs and the accrued liability as of June 30, 2020, are as follows:

Estimated closure costs	\$ 4,632,575
Estimated post-closure costs	1,422,062
Total estimated costs	<u>\$ 6,054,637</u>
Accrued closure costs	<u>\$ 4,722,617</u>
Current costs charged to expense	<u>\$ 878,158</u>

The City qualified under the State of Oklahoma Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure costs, whereby the City's overall financial condition and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is actually closed.

Tax abatements: GASB Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement that has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Title 11 §1138120 of the Oklahoma State Statutes. To be eligible for the abatements for these types of projects, the developer has to enter into an agreement with the City. After developers meet the terms of the agreements, the City is required to rebate a portion of the sales tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, the City abated \$96,783 of sales tax under the urban renewal and economic development projects.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans

Employee Retirement Systems and Pension Plans:

The City of Enid participates in five employee pension systems as follows:

Name of System	Type of System
Oklahoma Police Pension and Retirement System	Cost-Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters' Pension and Retirement System	Cost-Sharing Multiple Employer - Defined Benefit Plan
The Employee Retirement System of Enid, Oklahoma	Single Employer Defined Benefit Plan
City of Enid, Oklahoma 401(K) Supplement Plan	Single Employer Defined Contribution Plan
ICMA Section 457 Deferred Compensation Plan	Single Employer Deferred Compensation Plan

The City has recognized the following in the government-wide statements related to pensions:

	Governmental Activities	Business- Type Activities	Total
Net pension asset:			
Police Pension System	\$ 101,493	\$ -	\$ 101,493
Net pension liability:			
Firefighters' Pension System	18,559,705	-	18,559,705
City of Enid Retirement Plan	6,566,061	2,771,594	9,337,655
Total net pension liability	<u>\$ 25,125,766</u>	<u>\$ 2,771,594</u>	<u>\$ 27,897,360</u>
Deferred outflows of resources:			
Police Pension System	\$ 1,863,178	\$ -	\$ 1,863,178
Firefighters' Pension System	3,935,328	-	3,935,328
City of Enid Retirement Plan	2,261,744	954,703	3,216,447
Total deferred outflows of resources	<u>\$ 8,060,250</u>	<u>\$ 954,703</u>	<u>\$ 9,014,953</u>
Deferred inflows of resources:			
Police Pension System	\$ 480,057	\$ -	\$ 480,057
Firefighters' Pension System	3,106,457	-	3,106,457
City of Enid Retirement Plan	227,657	96,097	323,754
Total deferred inflows of resources	<u>\$ 3,814,171</u>	<u>\$ 96,097</u>	<u>\$ 3,910,268</u>
Pension expense:			
Police Pension System	\$ 18,166	\$ -	\$ 18,166
Firefighters' Pension System	87,686	-	87,686
City of Enid Retirement Plan	800,274	341,705	1,141,979
Total pension expense	<u>\$ 906,126</u>	<u>\$ 341,705</u>	<u>\$ 1,247,831</u>

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Oklahoma Police and Firefighters' Pension and Retirement System

The City of Enid participates in two statewide cost-sharing multi-employer defined benefit plans on behalf of City Police and Firefighters. Both the Police and the Firefighters' systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The following table provides the eligibility factors, contribution methods, and benefit provisions for the Police and Firefighters' pension and retirement systems:

	Oklahoma Police Pension and Retirement System	Oklahoma Firefighters' Pension and Retirement System
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd Street, Suite 605 Oklahoma City, OK 73116-7335	Firefighters' Pension and Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Authority establishing contribution obligations and benefits	Title 11 of the Oklahoma State Statutes. The authority to establish and amend benefit provisions and contribution requirements rests with the state legislature.	Title 11 of the Oklahoma State Statutes. The authority to establish and amend benefit provisions and contribution requirements rests with the state legislature.
Eligibility to participate	All full-time officers employed by a participating municipality; age not less than 21 nor more than 45 when accepted for membership	All full-time firefighters of participating municipalities and fire protection districts; minimum age 18, maximum age 45 when accepted for membership
Member contributions	8% of base salary	9% of base salary
Employer contributions	13% of eligible salary	14% of eligible salary
Benefit provisions	The Police System provides defined retirement benefits based on members' final average compensation, age and terms of service. In addition, the Police System provides for death and disability benefits. Title 11 of the Oklahoma Statutes, Section 50-101 defines all retirement benefits.	The Firefighters' System provides defined retirement benefits based on members' final average compensation, age and terms of service. In addition, the Firefighters' System provides for death and disability benefits. Title 11 of the Oklahoma Statutes, Section 49-101 defines all retirement benefits.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Oklahoma Police Pension and Retirement System

Pension liabilities, pension expense and deferred outflows and inflows of resources related to pension: At June 30, 2020, the City reported an asset of \$101,493 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. The City's proportionate share was 1.5898% at June 30, 2019, which was a decrease of .0836% of the City's proportion at June 30, 2018.

For the year ended June 30, 2020, the City recognized \$18,166 in pension expense. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 259,152	\$ -
Differences between expected and actual experience	60,909	(478,680)
Net difference between projected and actual earnings on pension plan investments	821,982	-
Changes in proportion and differences between City contributions and proportionate share of contributions	42,907	(1,377)
Total deferred amounts to be recognized in pension expense in future years	1,184,950	(480,057)
City contributions subsequent to the measurement date	678,228	-
Total deferred amounts related to pensions	<u>\$ 1,863,178</u>	<u>\$ (480,057)</u>

Amortization of pension deferrals: Deferred outflows of resources related to pensions totaling \$678,228 resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. The net deferred outflows related to the difference between projected and actual investment earnings is being amortized over a closed five-year period as of the beginning of each measurement period. The other deferred outflows and deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all Police Pension System members. The average is determined by taking the calculated total future years of the Plan divided by the number of the people in the Plan including retirees.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

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

Years Ended June 30,	
2021	\$ 415,840
2022	(116,310)
2023	144,080
2024	246,582
2025	14,701
	<u>\$ 704,893</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2019, actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Inflation</u>	2.75%
<u>Salary increases</u>	3.5% to 12.0% average, including inflation
<u>Investment rate of return</u>	7.5% net of pension plan investment expense
<u>Mortality rates</u>	Active employees (pre-retirement): RP-2000 Combined Blue Collar Healthy Employees (generational using scale AA) with age set back four years
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Combined Blue Collar Healthy Employees (generational using Scale AA)
	Disabled pensioners: RP-2000 Combined Blue Collar Healthy Employees with age set forward four years (no generational improvement)

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

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

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

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

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; 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 the City will be made at contractually, required rates, determined by Oklahoma 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 asset/liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's net pension liability (asset)	\$ 4,323,556	\$ (101,493)	\$ (3,842,928)

Payables to the pension plan: The City reported no payables to the Police Pension System at June 30, 2020.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

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.

On-behalf payments for retirement: For the year ended June 30, 2020, the State of Oklahoma contributed approximately \$651,000 to the Oklahoma Police Pension and Retirement System on behalf of the City. These amounts have been recorded as both a revenue and expenditure of the Police Fund in the governmental funds financial statements.

Related-party investments: As of June 30, 2020, the Oklahoma Police Pension System held no related-party investments of the City of Enid or of its related entities.

Oklahoma Firefighters' Pension and Retirement System

Pension liabilities, pension expense and deferred outflows and inflows of resources related to pension: At June 30, 2020, the City reported a net pension liability of \$18,559,705 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. The City's proportionate share was 1.75644% at June 30, 2019, which was a decrease of .02741% of the City's proportion at June 30, 2018.

For the year ended June 30, 2020, the City recognized \$87,686 in pension expense. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ (476,788)
Differences between expected and actual experience	3,107,815	(377,512)
Net difference between projected and actual earnings on pension plan investments	-	(1,291,112)
Changes in proportion and differences between City contributions and proportionate share of contributions	34,074	(961,045)
Total deferred amounts to be recognized in pension expense in future years	3,141,889	(3,106,457)
City contributions subsequent to the measurement date	793,439	-
Total deferred amounts related to pensions	<u>\$ 3,935,328</u>	<u>\$ (3,106,457)</u>

Amortization of pension deferrals: Deferred outflows of resources related to pensions totaling \$793,439 resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. The net deferred outflows related to the difference between projected and actual investment earnings is being amortized over a closed five-year period as of the beginning of each measurement period. The other deferred outflows and deferred inflows of resources are being amortized over a closed period equal to the average of the expected services lives of all Firefighters' Pension System members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the plan including retirees.

City of Enid, Oklahoma
 Year Ended June 30, 2020
 Notes to Financial Statements

Note 4. Retirement Plans (Continued)

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

Years ended June 30,	
2021	\$ 241,800
2022	(354,236)
2023	139,411
2024	37,874
2025	(29,417)
	<u>\$ 35,432</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2019, actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Inflation</u>	2.75%
<u>Salary increases</u>	2.75% to 10.50% average, including inflation
<u>Investment rate of return</u>	7.5% net of pension plan investment expense
<u>Mortality rates</u>	Active members: Pub-2010 Public Safety Table with generational mortality improvement using MP-2018
	Retired members: PUB-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018
	Disabled pensioners: Pub-2010 Public Safety Disabled Table set forward two years

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

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.90%
Domestic equity	62%	7.09%
International equity	18%	9.19%
Real estate	18%	7.99%
Other assets		5.57%

Discount rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates, determined by Oklahoma 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 asset/liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's net pension liability	\$ 23,965,805	\$ 18,559,705	\$ 12,623,288

Note 4. Retirement Plans (Continued)

Payables to the pension plan: The City reported no payables to the Fire Pension System at June 30, 2020.

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 OFPRS; which can be located at www.ok.gov/OFPRS.

On-behalf payments for retirement: For the year ended June 30, 2020, the State of Oklahoma contributed approximately \$2,040,000 to the Oklahoma Fire Pension and Retirement System on behalf of the City. These amounts have been recorded as both a revenue and expenditure of the Fire Fund in the governmental funds financial statements.

Related-party investments: As of June 30, 2020, the Oklahoma Fire Pension System held no related-party investments of the City of Enid or of its related entities.

Employee Retirement System of Enid, Oklahoma – Defined Benefit Plan

General information about the pension plan:

Plan description: The Employee Retirement System of Enid, Oklahoma (the Plan) is a single-employer defined benefit pension plan administered by the City of Enid's management, with assets managed by Wells Fargo. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries.

The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity.

The Plan is managed by a retirement committee composed by the City Manager, Chief Financial Officer, Human Resources Director and an at-large employee. Meetings are held as needed but at least annually.

Basis of accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method used to value investments: The Plan's investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have a quoted market price are reported at estimated fair value.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Membership information: Membership in the Plan is provided for all full-time employees after one year of service except uniformed police and fire personnel, who are covered by their respective state retirement plans. At July 1, 2020, there were 498 plan participants. Of these participants, 221 were active, 90 have been terminated but are vested, and 187 are receiving benefits. Administrative costs are financed through investment earnings.

Contributions: Benefits are entirely funded by employer contributions as determined by an actuarially determined rate. The current rate is 8.50% of annual covered payroll. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation. The contribution requirements are in accordance with the City ordinance. Plan provisions and contribution requirements are established and may be amended by the City Council.

Benefits: Benefits vest after ten years of credited service and participation. Employees, who retire at age 65 or completion of ten years of service, if later, are entitled to an annual retirement benefit, payable monthly in an amount equal to 0.85% of average compensation for each year (up to 35 years) that the employee participates in the Plan plus 0.65% of average basic earnings in excess of \$6,600 for each year (up to 35 years) the employee participates in the Plan. After 35 years of service, the benefit is 1.2% of average compensation. Normal retirement is at age 65, but full accrued benefits are provided at age 62 with 15 years of service, or under the Rule of 85.

An employee is eligible for an early retirement benefit once he or she has attained age 55 and has completed five years of service. The amount of benefit is determined based on normal retirement computation; then reduced ½ of 1% for each month the participant is from age 65. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

Employee contributions are returned with interest if their employment is terminated prior to completion of the years of service needed for vesting. A death benefit is payable after five years of service based on 50% of the employee's accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Related-party investments: As of June 30, 2020, the System held no related-party investments of the City of Enid or of its related entities.

Investments: Investments consist of the following at June 30, 2020:

Mutual fund - equities	\$ 17,469,078
Mutual funds - corporate bonds	6,952,298
Total investments	<u>\$ 24,421,376</u>

The money weighted rate of return for the year ended June 30, 2020 was -3.9%.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Net pension liability: The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total pension liability	\$ 34,047,956
Plan fiduciary net pension	24,710,301
Net pension liability	<u>\$ 9,337,655</u>
Plan fiduciary net position as a percentage of the total pension liability	72.57%

Actuarial assumptions: The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Valuation date:</u>	July 1, 2020
<u>Actuarial cost method:</u>	Aggregate Method
<u>Investment rate of return:</u>	6.75%
<u>Inflation:</u>	2.50%
<u>Projected salary increases:</u>	4.00%
<u>Mortality rates:</u>	Pub-2010 Public Retirement Plans General Mortality Table projected by MP-2019

Discount rate: A discount rate of 6.75% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that contributions from the City would be made at the current contribution policy of 8.5%. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$ 32,360,475	\$ 26,496,752	\$ 5,863,723
Changes for the year:			
Service cost	504,795	-	504,795
Interest	2,165,468	-	2,165,468
Differences between expected and actual experience	1,016,730	-	1,016,730
Assumption changes	(405,016)	-	(405,016)
Contributions - employer	-	820,252	(820,252)
Contributions - employee	-	-	-
Net investment income	-	(886,716)	886,716
Benefit payments, including refunds of contributions	(1,594,496)	(1,594,496)	-
Administrative expenses	-	(125,491)	125,491
Net changes	<u>1,687,481</u>	<u>(1,786,451)</u>	<u>3,473,932</u>
Balance at June 30, 2020	<u>\$ 34,047,956</u>	<u>\$ 24,710,301</u>	<u>\$ 9,337,655</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Plan's estimated net pension liability, calculated using a single discount rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1.0% higher or lower:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability (asset)	<u>\$ 13,440,658</u>	<u>\$ 9,337,655</u>	<u>\$ 5,914,882</u>

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended June 30, 2020, the City recognized pension expense of \$1,141,979 related to the Employee Retirement System. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 814,535	\$ (12,488)
Changes of assumptions	14,860	(311,266)
Net difference between projected and actual earnings on pension plan investments	2,387,052	-
Total deferred amounts to be recognized in pension expense in future years	3,216,447	(323,754)
City contributions subsequent to the measurement date	-	-
Total deferred amounts related to pensions	<u>\$ 3,216,447</u>	<u>\$ (323,754)</u>

Amortization of pension deferrals: The net deferred outflows related to the difference between projected and actual investment earnings is being amortized over a closed five-year period as of the beginning of each measurement period. The other deferred outflows and deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all Plan members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees.

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

Years Ended June 30,	
2021	\$ 665,570
2022	899,697
2023	798,350
2024	529,076
	<u>\$ 2,892,693</u>

Payables to the pension plan: The City reported no payables to the Plan at June 30, 2020.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

401(k) Supplement Plan

The City also maintains the City of Enid, Oklahoma 401(k) Supplement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the OPPRS or OFPRS plans. Contribution rates to the Plan have been determined by management and approved by the City Council through the budgeting process. Employees are eligible to participate in the Supplement upon employment, provided they are at least 21 years of age, with vesting in employer contributions upon contribution by the City. Participants may elect to make voluntary contributions through regular payroll deductions up to allowable IRS limits, with the City making matching contributions to those participants' accounts at a rate of 100% of the employees' compensation up to 5%. Contributions to the 401(k) Plan, plus earnings, constitute retirement benefits from this plan. Contributions to the 401(k) Plan over the last six years were:

Fiscal Year	City of Enid 401(k) Plan	
	Required Contribution	Percentage Contributed
2015	\$ 657,964	100%
2016	353,794	100%
2017	339,797	100%
2018	349,212	100%
2019	375,689	100%
2020	390,866	100%

ICMA Plan

The City also allows all employees to make voluntary contributions with no employer match to a Section 457 Deferred Compensation plan maintained by the ICMA Retirement Corporation.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 4. Retirement Plans (Continued)

Statements of Fiduciary Net Position – City Defined Benefit Plan and 401(k) Supplement as of June 30, 2020 are as follows:

	Defined Benefit Plan	401 (k) Supplement	Total
Assets			
Cash and cash equivalents	\$ 293,415	\$ -	\$ 293,415
Investments	24,414,806	14,997,841	39,412,647
Accrued interest	2,080	-	2,080
Participant loans	-	343,984	343,984
Total assets	24,710,301	15,341,825	40,052,126
Net position restricted for pensions	\$ 24,710,301	\$ 15,341,825	\$ 40,052,126

Statements of Changes in Fiduciary Net Position – City Defined Benefit Plan and 401(k) Supplement for the year ended June 30, 2020 are as follows:

	Defined Benefit Plan	401 (k) Supplement	Total
Additions:			
Contributions			
Employer	\$ 820,252	\$ 390,866	\$ 1,211,118
Plan members	-	623,035	623,035
Total contributions	820,252	1,013,901	1,834,153
Investment earnings			
Net increase (decrease) in fair value of investments	(1,467,332)	435,770	(1,031,562)
Interest and dividends	580,619	-	580,619
Total investment earnings	(886,713)	435,770	(450,943)
Total additions	(66,461)	1,449,671	1,383,210
Deductions:			
Benefits and withdrawals	1,594,496	1,818,351	3,412,847
Administrative expenses	125,494	47,404	172,898
Total deductions	1,719,990	1,865,755	3,585,745
Change in net position	(1,786,451)	(416,084)	(2,202,535)
Net position restricted for pensions - beginning	26,496,752	15,757,909	42,254,661
Net position restricted for pensions - ending	\$ 24,710,301	\$ 15,341,825	\$ 40,052,126

Note 5. Claims Liability

Risk management: The City of Enid is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters.

The City of Enid manages these various risks of loss as follows:

- **General liability** – Covered through a purchased insurance with a deductible that varies from \$-0- to \$10,000, per occurrence depending on the type of liability.
- **Physical property** – Covered through purchased insurance with a deductible of \$10,000 per occurrence.
- **Workers' compensation** – Workers' compensation is covered through self-insurance with the City of Enid administering the claims process. The City of Enid also has a stop-loss policy which covers individual claims in excess of \$1,000,000.
- **Employee's group medical** – Covered through self-insurance using a third party administrator to process medical claims. The City of Enid uses the third party processor's estimates to record group insurance claims payable. The City of Enid also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

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

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 5. Claims Liability (Continued)

Claims liability analysis:

	Medical Claims	Workers' Compensation Claims
Balance at June 30, 2018	\$ 848,620	\$ 1,699,559
Current year claims and changes in estimates	5,111,792	4,799,093
Claim payments	(4,938,592)	(5,056,211)
Balance at June 30, 2019	1,021,820	1,442,441
Current year claims and changes in estimates	3,284,261	5,402,153
Claim payments	(3,884,094)	(5,403,179)
Balance at June 30, 2020	<u>\$ 421,987</u>	<u>\$ 1,441,415</u>

Note 6. Other Postemployment Benefits

Plan description: The City's defined benefit OPEB plan, the City of Enid Postretirement Medical Plan (the Plan), a single-employer health care plan provides OPEB for all active and retired employees and their eligible dependents. The plan is administered by the City and the City has the authority to establish or amend the plan provisions or contribution requirements through its personnel manual and union contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Benefits provided: The City provides postretirement healthcare and Rx benefits to its retirees. The Plan covers all current retirees who elected postretirement medical coverage through the City of Enid and future retired general employees, police officers, and firefighters.

Contributions: The retired employee who participates in the health insurance plan shall pay the full cost of said health insurance plan at the rates and terms established by the City. The City offers the plan to those retired employees unless the retired employee or dependent is over 65 years of age and qualifies for Medicare. For the year ended June 30, 2020, retirees and dependents paid the full cost of the coverage.

Employees covered by benefit terms: At June 30, 2020, the following employees were covered by the benefit terms.

Inactive employees currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>377</u>
	<u>399</u>

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 6. Other Postemployment Benefits (Continued)

Total OPEB liability

The City's total OPEB liability of \$2,392,661 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial methods and assumptions: The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<u>Cost method</u>	Entry Age Normal
<u>Salary increases</u>	4.00%
<u>Discount rate</u>	2.21%
<u>Health care cost trend rates</u>	6.89% decreasing to 4.50%
<u>Retirees' share of benefit-related costs</u>	100%
<u>Mortality rates</u>	Pub-2010 Public Retirement Plans General Mortality Table Weighted by Headcount projected by MP-2019
<u>Plan participation</u>	40% of future retired employees are assumed to participate

The discount rate was based on the municipal bond rate as of July 1, 2020.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study completed in 2016.

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$ 2,256,908
Changes for the year:	
Service cost	88,737
Interest	78,402
Changes in assumptions or other inputs	153,800
Difference between expected and actual experience	27,841
Contributions and payments made	<u>(213,027)</u>
Net changes	135,753
Balance as of June 30, 2020	<u>\$ 2,392,661</u>

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

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	\$ 2,600,848	\$ 2,392,661	\$ 2,204,176

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 6. Other Postemployment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, 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 or 1-percentage-point higher than the current healthcare cost trend rates.

	(5.89% Decreasing to 3.50%)	Health Care Cost Trend Rates (6.89% Decreasing to 4.50%)	(7.89% Decreasing to 5.50%)
Total OPEB liability	\$ 2,141,828	\$ 2,392,661	\$ 2,691,564

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2020, the City recognized OPEB expense of \$192,134. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,708	\$ -
Changes of assumptions or other inputs	168,959	(28,913)
	<u>\$ 210,667</u>	<u>\$ (28,913)</u>

Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending June 30:	
2021	\$ 24,995
2022	24,995
2023	24,995
2024	24,995
2025	24,995
Thereafter	56,779
	<u>\$ 181,754</u>

Note 7. Other Information

Contingent liabilities: Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the ultimate resolution of these matters will not have a significant adverse effect on the financial condition of the City.

Construction commitments: The City has active construction projects as of June 30, 2020. The projects include engineering and design work on the Kaw Lake Water Supply Program, wellfield improvements, stormwater detention improvements, road overlays and reconstruction, and sidewalk construction. The City's commitments with contractors as of June 30, 2020, totaled approximately \$22,500,000.

COVID-19: The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses, state and local governments, and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the City's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breath and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operation and financial impact to the City, but such an impact could have a material adverse effect on the financial condition of the City.

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 8. Correction of Errors in Previously Issued 2020 Financial Statements

The June 30, 2020 financial statements are being re-issued for the correction of errors. The financial statements as originally issued omitted the Reconciliation of Government Funds and Government-Wide Financial Statements – Fund Balance – Net Position, which is required to be presented in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. The required schedule is included in these revised financial statements at page 16.

In addition, the City determined that it had inappropriately recognized a transfer between the Water Capital Improvement Fund and the Enid Municipal Authority. The City also determined that it had not properly recognized accounts payable at June 30, 2020.

Following is the impact on net position/fund balance at June 30, 2020:

	June 30, 2020			Net Position/ Fund Balance, as restated
	Net Position/ Fund Balance, as originally reported	Correction of Errors Interfund Transfers	Accounts Payable	
Government-Wide Financial Statements				
Governmental Activities	\$ 105,974,475	\$ (9,143,767)	\$ (1,825,413)	\$ 95,005,295
Business-Type Activities	184,459,241	9,143,767	(660,337)	192,942,671
Total Primary Government	<u>\$ 290,433,716</u>	<u>\$ -</u>	<u>\$ (2,485,750)</u>	<u>\$ 287,947,966</u>
Governmental Funds Financial Statements				
General Fund	\$ 15,481,562	\$ -	\$ (217,024)	\$ 15,264,538
Police Fund	4,065,536	-	(22,532)	4,043,004
Fire Fund	1,631,398	-	(18,363)	1,613,035
Water Capital Improvements Fund	19,534,802	(9,143,767)	(637,302)	9,753,733
Non-Major Funds	19,212,964	-	(930,192)	18,282,772
Total Governmental Funds	<u>59,926,262</u>	<u>(9,143,767)</u>	<u>(1,825,413)</u>	<u>48,957,082</u>
Enterprise Funds Financial Statements				
Enid Municipal Authority	\$ 135,436,387	\$ 9,143,767	\$ (586,465)	\$ 143,993,689
Non-Major Enterprise Funds	48,673,366	-	(72,067)	48,601,299
Total Enterprise Funds	<u>\$ 184,109,753</u>	<u>\$ 9,143,767</u>	<u>\$ (658,532)</u>	<u>\$ 192,594,988</u>
Internal Service Funds	<u>\$ 2,733,516</u>	<u>\$ -</u>	<u>\$ (1,805)</u>	<u>\$ 2,731,711</u>

City of Enid, Oklahoma
Year Ended June 30, 2020
Notes to Financial Statements

Note 8. Correction of Errors in Previously Issued 2020 Financial Statements, continued

Following is the impact on changes in net position/fund balance for the year ended June 30, 2020:

	Year Ended June 30, 2020			Change in Net Position/ Fund Balance, as restated
	Change in Net Position/ Fund Balance, as originally reported	Correction of Errors Interfund Transfers	Accounts Payable	
Government-Wide Financial Statements				
Governmental Activities	\$ 16,395,598	\$ (9,143,767)	\$ (1,825,413)	\$ 5,426,418
Business-Type Activities	10,511,934	9,143,767	(660,337)	18,995,364
Total Primary Government	<u>\$ 26,907,532</u>	<u>\$ -</u>	<u>\$ (2,485,750)</u>	<u>\$ 24,421,782</u>
Governmental Funds Financial Statements				
General Fund	\$ 2,671,307	\$ -	\$ (217,024)	\$ 2,454,283
Police Fund	1,133,071	-	(22,532)	1,110,539
Fire Fund	430,237	-	(18,363)	411,874
Water Capital Improvements Fund	7,377,975	(9,143,767)	(637,302)	(2,403,094)
Non-Major Funds	2,030,044	-	(930,192)	1,099,852
Total Governmental Funds	<u>13,642,634</u>	<u>(9,143,767)</u>	<u>(1,825,413)</u>	<u>2,673,454</u>
Enterprise Funds Financial Statements				
Enid Municipal Authority	\$ 11,051,328	\$ 9,143,767	\$ (586,465)	\$ 19,608,630
Non-Major Enterprise Funds	(866,108)	-	(72,067)	(938,175)
Total Enterprise Funds	<u>\$ 10,185,220</u>	<u>\$ 9,143,767</u>	<u>\$ (658,532)</u>	<u>\$ 18,670,455</u>
Internal Service Funds	<u>\$ 1,682,977</u>	<u>\$ -</u>	<u>\$ (1,805)</u>	<u>\$ 1,681,172</u>

Required Supplementary Information

City of Enid, Oklahoma

Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios
 June 30, 2020

	2020	2019	2018	2017	2016	2015
Employee Retirement System of Enid Oklahoma						
Total pension liability:						
Service cost	\$ 504,795	\$ 516,572	\$ 542,182	\$ 656,371	\$ 670,226	\$ 591,646
Interest cost	2,165,468	2,069,168	2,051,173	1,978,963	1,779,631	1,730,996
Differences between expected and actual experience	1,016,730	471,018	(353,084)	(758,410)	916,889	184,832
Changes in assumptions	(405,016)	(145,714)	420,110	(3,052,454)	(1,783,421)	2,216,163
Benefit payments, including refunds of employee contributions	(1,594,496)	(1,354,575)	(1,212,812)	(1,136,264)	(1,028,439)	(888,864)
Net change in total pension liability	1,687,481	1,556,469	1,447,569	(2,311,794)	554,886	3,834,773
Total pension liability, beginning	32,360,475	30,804,006	29,356,437	31,668,231	31,113,345	27,278,572
Total pension liability, ending	<u>\$ 34,047,956</u>	<u>\$ 32,360,475</u>	<u>\$ 30,804,006</u>	<u>\$ 29,356,437</u>	<u>\$ 31,668,231</u>	<u>\$ 31,113,345</u>
Plan fiduciary net position:						
Employer contributions	\$ 820,252	\$ 771,013	\$ 851,680	\$ 794,176	\$ 614,577	\$ 604,869
Net investment income	(886,716)	437,783	2,182,509	3,340,476	(348,571)	334,990
Benefit payments, including refunds of employee contributions	(1,594,496)	(1,354,575)	(1,212,812)	(1,136,264)	(1,028,439)	(888,864)
Administrative expense	(125,491)	(150,647)	(124,372)	(140,457)	(122,015)	(152,240)
Net change in total pension liability	(1,786,451)	(296,426)	1,697,005	2,857,931	(884,448)	(101,245)
Plan fiduciary net position, beginning	26,496,752	26,793,178	25,096,173	22,238,242	23,122,690	23,223,935
Plan fiduciary net position, ending	<u>\$ 24,710,301</u>	<u>\$ 26,496,752</u>	<u>\$ 26,793,178</u>	<u>\$ 25,096,173</u>	<u>\$ 22,238,242</u>	<u>\$ 23,122,690</u>
Net pension liability, ending	\$ 9,337,655	\$ 5,863,723	\$ 4,010,828	\$ 4,260,264	\$ 9,429,989	\$ 7,990,655
Total pension liability	\$ 34,047,956	\$ 32,360,475	\$ 30,804,006	\$ 29,356,437	\$ 31,668,231	\$ 31,113,345
Plan fiduciary net position	24,710,301	26,496,752	26,793,178	25,096,173	22,238,242	23,122,690
Plan's net pension liability	\$ 9,337,655	\$ 5,863,723	\$ 4,010,828	\$ 4,260,264	\$ 9,429,989	\$ 7,990,655
Plan net fiduciary position as percentage of total pension liability	72.57%	81.88%	86.98%	85.49%	70.22%	74.32%
Covered payroll	\$ 9,386,582	\$ 9,372,085	\$ 9,618,041	\$ 10,294,018	\$ 10,436,736	\$ 9,135,300
Net pension liability position as percentage of covered payroll	99.48%	62.57%	41.70%	41.39%	90.35%	86.99%
Annual money-weighted rate of return, net of investment expense	-3.9%	1.1%	8.3%	14.5%	-2.0%	0.8%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

City of Enid, Oklahoma

**Required Supplemental Information
Schedule of Employer Contributions
Year Ended June 30, 2020**

Employee Retirement System of Enid Oklahoma

Ending Fiscal Year June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution (Deficiency) Excess	Annual Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 1,430,123	\$ 820,252	\$ (609,871)	\$ 9,386,582	8.74%
2019	1,133,638	771,013	(362,625)	9,372,085	8.23%
2018	1,186,230	851,680	(334,550)	9,618,041	8.86%
2017	1,414,669	794,176	(620,493)	10,294,018	7.71%
2016	1,246,777	614,577	(632,200)	10,436,736	5.89%
2015	928,504	604,869	(323,635)	9,135,300	6.62%
2014	982,744	594,880	(387,864)	9,477,203	6.28%
2013	1,209,388	619,278	(590,110)	9,149,710	6.77%
2012	838,302	585,722	(252,580)	9,067,296	6.46%
2011	873,554	445,806	(427,748)	8,358,315	5.30%

Note: Information for years prior to 2014 is on a calendar-year basis.

See notes to required supplementary information.

City of Enid, Oklahoma

Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
 June 30, 2020

	Fiscal Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Oklahoma Police Pension and Retirement System (OPPRS)						
Measurement date	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014
City's proportion of the net pension liability (asset)	1.5898%	1.6734%	1.6505%	1.5900%	1.6606%	1.7136%
City's proportionate share of the net pension liability (asset)	\$ (101,493)	\$ (797,124)	\$ 126,954	\$ 2,433,461	\$ 67,708	\$ (576,952)
City's covered payroll	\$ 5,217,138	\$ 5,169,838	\$ 5,104,415	\$ 4,922,146	\$ 4,686,108	\$ 47,594,546
City's proportionate share of the net pension liability as a percentage of its covered payroll	-1.95%	-15.42%	2.49%	49.44%	1.44%	-1.21%
Plan fiduciary net position as a percentage of the total pension liability	100.24%	101.89%	99.70%	93.50%	99.82%	101.53%
Oklahoma Firefighters' Pension and Retirement System (OFPRS)						
Measurement date	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014
City's proportion of the net pension liability (asset)	1.7564%	1.7838%	1.8223%	1.8671%	1.9216%	1.9056%
City's proportionate share of the net pension liability	\$ 18,559,705	\$ 20,079,911	\$ 22,919,477	\$ 22,810,114	\$ 20,396,061	\$ 19,596,197
City's covered payroll	\$ 5,667,421	\$ 5,460,257	\$ 5,301,029	\$ 5,179,200	\$ 5,222,543	\$ 5,335,993
City's proportionate share of the net pension liability as a percentage of its covered payroll	327.48%	367.75%	432.36%	440.42%	390.54%	378.66%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	70.73%	65.42%	64.87%	68.27%	68.12%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

City of Enid, Oklahoma

**Required Supplementary Information
Schedule of City's Contributions
Year Ended June 30, 2020**

	2020	2019	2018	2017	2016	2015
Oklahoma Police Pension and Retirement System (OPPRS)						
Contractually required contribution	\$ 678,228	\$ 672,079	\$ 663,574	\$ 639,879	\$ 609,194	\$ 618,741
Actual contributions	678,228	672,079	663,574	639,879	609,194	618,741
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	5,217,138	5,169,838	5,104,415	4,922,146	4,686,108	4,759,546
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Oklahoma Firefighters' Pension and Retirement System (OFPRS)						
Contractually required contribution	\$ 793,439	\$ 764,436	\$ 742,144	\$ 725,088	\$ 731,156	\$ 747,039
Actual contributions	793,439	764,436	742,144	725,088	731,156	747,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	5,667,421	5,460,257	5,301,029	5,179,200	5,222,543	5,335,993
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Information was not available prior to fiscal year ending June 30, 2014.

See notes to required supplementary information.

City of Enid, Oklahoma

**Notes to Required Supplementary Information
For Year Ended June 30, 2020**

Oklahoma Police Pension and Retirement System

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: For the plan year ended June 30, 2018(City fiscal year ended June 30, 2019), the following assumptions were changed as a result of an experience study for the five-year period ended June 30, 2017:

- Inflation rate was reduced to 2.75%
- Salary increases were established at 3.5% to 12.0%

Oklahoma Firefighters' Pension and Retirement System

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: For the plan year ended June 30, 2018(City fiscal year ended June 30, 2019), the following assumptions were changed as a result of an experience study for the five-year period ended June 30, 2018:

- Inflation rate was reduced to 2.75%
- Salary increases were established at 2.75% to 10.50%
- Pub-2010 Public Safety mortality tables were adopted.

City of Enid Retirement Plan

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions:

The 2017 valuation implemented the following refinements to plan assumptions:

- Changed the discount rate from a 7.00% rate to a single rate using the long-term rate of return of 6.75%.

The 2019 valuation implemented the following refinements to plan assumptions:

- Changed the mortality tables used from the RP2006 Fully Generational Scale using the MP-2017 combined mortality improvement scale to the Pub-2010 Public Retirement Plans General Mortality Table projected by MP-2018.

City of Enid, Oklahoma

Required Supplementary Information
Schedule of Changes in the City of Enid's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years
Year Ended June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 88,737	\$ 91,843	\$ 85,808
Interest	78,402	85,605	82,010
Differences between expected and actual experience	27,841	22,741	-
Changes of assumptions or other inputs	153,800	44,776	(45,095)
Benefit payments	(213,027)	(214,405)	(200,951)
Net change in total OPEB liability	135,753	30,560	(78,228)
Total OPEB liability, beginning	2,256,908	2,226,348	2,304,576
Total OPEB liability, ending	\$ 2,392,661	\$ 2,256,908	\$ 2,226,348
Covered payroll	\$ 23,578,094	\$ 22,961,434	\$ 22,886,095
Total OPEB liability as a percentage of covered payroll	10.15%	9.83%	9.73%

Information was not available prior to fiscal year ending June 30, 2018.

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.21%
2019	3.58%
2018	3.87%
2017	3.58%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

City of Enid, Oklahoma

Required Supplementary Information
 Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds
 Year Ended June 30, 2020

	General Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
Fund balance, beginning	\$ 13,566,975	\$ 12,406,839	\$ 12,406,839	\$ -
Resources:				
Taxes	39,301,960	39,301,960	41,729,305	2,427,345
Licenses and permits	236,900	236,900	217,598	(19,302)
Intergovernmental	103,250	103,250	91,193	(12,057)
Fines and forfeitures	1,315,000	1,315,000	851,984	(463,016)
Charges for services	128,000	128,000	78,640	(49,360)
Miscellaneous	316,000	316,000	242,593	(73,407)
Interest	170,000	170,000	197,641	27,641
Operating transfers	11,375,000	11,375,000	11,375,000	-
Total resources	52,946,110	52,946,110	54,783,954	1,837,844
Amounts available for appropriation	66,513,085	65,352,949	67,190,793	1,837,844
Charges to appropriations:				
Administration	633,610	742,610	700,567	42,043
Police	-	-	-	-
Fire	-	-	-	-
Human resources	466,770	466,770	385,871	80,899
Legal	1,348,585	1,240,785	1,089,648	151,137
Safety	167,650	129,650	103,066	26,584
PR/Marketing	469,725	478,863	336,257	142,606
General government	907,400	940,573	745,507	195,066
Accounting	779,180	875,350	741,626	133,724
Records and receipts	268,180	268,180	241,157	27,023
Information technology	723,535	752,083	749,363	2,720
Community development	270,520	270,520	254,005	16,515
Code enforcement	748,335	720,285	586,682	133,603
Engineering	1,543,735	1,437,724	1,210,980	226,744
Public works management	495,565	533,565	533,316	249
Fleet management	791,870	731,906	726,310	5,596
Park and recreation	1,397,340	1,299,735	1,297,656	2,079
Stormwater and roadway maintenance	2,438,475	2,321,375	2,280,068	41,307
Technical services	1,285,170	1,269,161	1,258,831	10,330
Library	956,340	956,340	882,407	73,933
Capital outlay	876,960	944,506	773,226	171,280
Operating transfers	36,527,165	37,834,765	37,834,754	11
Total charges to appropriations	53,096,110	54,214,746	52,731,297	1,483,449
Fund balances, ending	\$ 13,416,975	\$ 11,138,203	\$ 14,459,496	\$ 3,321,293

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

Required Supplementary Information
 Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds
 (Budgetary Basis)
 Year Ended June 30, 2020

	Fire Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
Fund balance, beginning	\$ 1,069,991	\$ 1,059,035	\$ 1,059,035	\$ -
Resources:				
Taxes	1,121,155	1,121,155	1,200,286	79,131
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	7,000	7,000	13,902	6,902
Interest	12,000	12,000	27,896	15,896
Operating transfers	7,730,415	7,730,415	7,730,415	-
Total resources	8,870,570	8,870,570	8,972,499	101,929
Amounts available for appropriation	9,940,561	9,929,605	10,031,534	101,929
Charges to appropriations:				
Administration	-	-	-	-
Police	-	-	-	-
Fire	8,459,225	8,472,181	8,296,224	175,957
Human resources	-	-	-	-
Legal	-	-	-	-
Safety	-	-	-	-
PR/Marketing	-	-	-	-
General government	-	-	-	-
Accounting	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Community development	-	-	-	-
Code enforcement	-	-	-	-
Engineering	-	-	-	-
Public works management	-	-	-	-
Fleet management	-	-	-	-
Park and recreation	-	-	-	-
Stormwater and roadway maintenance	-	-	-	-
Technical services	-	-	-	-
Library	-	-	-	-
Capital outlay	777,000	775,000	128,891	646,109
Operating transfers	75,000	75,000	75,000	-
Total charges to appropriations	9,311,225	9,322,181	8,500,115	822,066
Fund balances, ending	\$ 629,336	\$ 607,424	\$ 1,531,419	\$ 923,995

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

Required Supplementary Information
Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds
(Budgetary Basis)
Year Ended June 30, 2020

	Fire Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
Fund balance, beginning	\$ 1,069,991	\$ 1,059,035	\$ 1,059,035	\$ -
Resources:				
Taxes	1,121,155	1,121,155	1,200,286	79,131
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	7,000	7,000	13,902	6,902
Interest	12,000	12,000	27,896	15,896
Operating transfers	7,730,415	7,730,415	7,730,415	-
Total resources	<u>8,870,570</u>	<u>8,870,570</u>	<u>8,972,499</u>	<u>101,929</u>
Amounts available for appropriation	<u>9,940,561</u>	<u>9,929,605</u>	<u>10,031,534</u>	<u>101,929</u>
Charges to appropriations:				
Administration	-	-	-	-
Police	-	-	-	-
Fire	8,459,225	8,472,181	8,296,224	175,957
Human resources	-	-	-	-
Legal	-	-	-	-
Safety	-	-	-	-
PR/Marketing	-	-	-	-
General government	-	-	-	-
Accounting	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Community development	-	-	-	-
Code enforcement	-	-	-	-
Engineering	-	-	-	-
Public works management	-	-	-	-
Fleet management	-	-	-	-
Park and recreation	-	-	-	-
Stormwater and roadway maintenance	-	-	-	-
Technical services	-	-	-	-
Library	-	-	-	-
Capital outlay	777,000	775,000	128,891	646,109
Operating transfers	75,000	75,000	75,000	-
Total charges to appropriations	<u>9,311,225</u>	<u>9,322,181</u>	<u>8,500,115</u>	<u>822,066</u>
Fund balances, ending	<u>\$ 629,336</u>	<u>\$ 607,424</u>	<u>\$ 1,531,419</u>	<u>\$ 923,995</u>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

Required Supplementary Information

Reconciliation of Budgetary Comparison Schedule on a Budgetary Basis with Fund Financial Statements on a GAAP Basis

Year Ended June 30, 2020

	General Fund	Police Fund	Fire Fund
Budgetary funds			
Financial statement major funds			
Revenues:			
Actual amounts (budgetary basis) "resources" from the budgetary comparison schedules	\$ 54,783,954	\$ 11,228,488	\$ 8,972,499
<u>Adjustments:</u>			
<i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis	492,609	672,495	2,058,161
Operating transfers in are reported as "other financing sources and uses" for GAAP purposes	<u>(11,375,000)</u>	<u>(9,857,580)</u>	<u>(7,730,415)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ 43,901,563</u>	<u>\$ 2,043,403</u>	<u>\$ 3,300,245</u>
Expenditures:			
Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedules	\$ 52,731,297	\$ 10,076,388	\$ 8,500,115
<u>Adjustments:</u>			
<i>Budgetary</i> general fund expenditures are reported on the cash basis, rather than the modified accrual basis	296,488	714,056	2,118,671
Operating transfers out are reported as "other financing sources and uses" for GAAP purposes	<u>(38,110,787)</u>	<u>(350,000)</u>	<u>(75,000)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances—governmental funds	<u>\$ 14,916,998</u>	<u>\$ 10,440,444</u>	<u>\$ 10,543,786</u>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

**Notes to Required Supplementary Information
Budgetary Comparison Schedule
June 30, 2020**

Note 1. Budgetary Accounting

Annual budgets are adopted on a modified cash basis for all governmental and enterprise funds. Annual expenditures within a fund may not exceed 90% of the budget until actual revenues equal to the estimated amount have been received. No expenditure can exceed the actual amount on hand.

The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations within a department or between departments. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Other Supplementary Information

City of Enid, Oklahoma

Combining Balance Sheet—Non-major Governmental Funds
June 30, 2020

	Special Revenue							
	Economic Development Authority Fund	Special Projects Fund	Water Assessment	Street and Alley Fund	CDBG Fund	Paving Assessment	911 Fund	Vance Development Authority
Assets								
Cash and cash equivalents	\$ 423,005	\$ 272,409	\$ 1,245	\$ 337,837	\$ 18,888	\$ 352	\$ 9,400	\$ 19,727
Investments	2,174,297	24,418	6,396	1,736,524	97,087	1,811	48,319	101,402
Receivables:								
Taxes	-	-	-	80,249	-	-	129,642	-
Due from other governments	356,000	-	-	-	49,631	-	-	-
Accrued interest	10,122	-	-	-	-	-	-	-
Prepaid expense	-	2,165	-	-	-	-	61,923	60
Restricted cash and investments	49,955	-	-	-	-	-	-	-
Total assets	\$ 3,013,379	\$ 298,992	\$ 7,641	\$ 2,154,610	\$ 165,606	\$ 2,163	\$ 249,284	\$ 121,189
Liabilities								
Accounts payable and accrued liabilities	\$ 17,740	\$ 3,200	\$ 6,665	\$ 101,015	\$ 102,521	\$ 1,887	\$ 144,782	\$ 2,223
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	5,199	-	-	-	-	-	-
Total liabilities	17,740	8,399	6,665	101,015	102,521	1,887	144,782	2,223
Deferred inflows of resources								
Federal grants related to HUD loan	356,000	-	-	-	-	-	-	-
Fund balances								
Nonspendable	-	2,165	-	-	-	-	61,923	60
Restricted:								
Public safety	-	288,428	-	-	-	-	41,374	-
Public works	-	-	-	-	-	-	-	118,906
Debt service	-	-	-	-	-	-	-	-
Capital improvements	49,555	-	-	-	-	-	-	-
Committed:								
Public works	-	-	976	2,053,595	63,085	276	-	-
Public safety	-	-	-	-	-	-	1,205	-
Capital improvements	2,590,084	-	-	-	-	-	-	-
Total fund balances	2,639,639	290,593	976	2,053,595	63,085	276	104,502	118,966
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,013,379	\$ 298,992	\$ 7,641	\$ 2,154,610	\$ 165,606	\$ 2,163	\$ 249,284	\$ 121,189

City of Enid, Oklahoma

Combining Balance Sheet—Non-major Governmental Funds (Continued)
June 30, 2020

	Capital Projects				Debt Service		Totals
	Street Improvement Fund	Capital Improvement Fund	Sanitary Sewer Fund	Storm Water Fund	Capital Projects Escrow	Sinking Fund	
Assets							
Cash and cash equivalents	\$ 151,702	\$ 710,037	\$ 33,822	\$ 1,245,057	\$ 269,341	\$ 2,041	\$ 3,494,863
Investments	779,765	3,649,677	173,852	6,399,747	1,384,448	10,493	16,588,236
Receivables:							
Taxes	-	-	-	-	-	91	209,982
Due from other governments	-	-	-	-	-	-	405,631
Accrued interest	-	-	-	-	-	-	10,122
Prepaid expense	-	-	-	-	-	-	64,148
Restricted cash and investments	-	-	-	-	-	-	49,955
Total assets	\$ 931,467	\$ 4,359,714	\$ 207,674	\$ 7,644,804	\$ 1,653,789	\$ 12,625	\$ 20,822,937
Liabilities							
Accounts payable and accrued liabilities	\$ 81,681	\$ 1,155,269	\$ 200,736	\$ 361,247	\$ -	\$ -	\$ 2,178,966
Unearned revenue	-	-	-	-	-	-	5,199
Total liabilities	81,681	1,155,269	200,736	361,247	-	-	2,184,165
Deferred inflows of resources							
Federal grants related to HUD loan	-	-	-	-	-	-	356,000
Fund balances							
Nonspendable	-	-	-	-	-	-	64,148
Restricted:							
Public safety	-	-	-	-	-	-	329,802
Public works	-	-	-	-	-	-	118,906
Debt service	-	-	-	-	-	12,625	12,625
Capital improvements	-	-	-	-	-	-	49,555
Committed:							
Public works	-	-	-	-	-	-	2,117,932
Public safety	-	-	-	-	-	-	1,205
Capital improvements	849,786	3,204,445	6,938	7,283,557	1,653,789	-	15,588,599
Total fund balances	849,786	3,204,445	6,938	7,283,557	1,653,789	12,625	18,282,772
Total liabilities, deferred inflows of resources, and fund balances	\$ 931,467	\$ 4,359,714	\$ 207,674	\$ 7,644,804	\$ 1,653,789	\$ 12,625	\$ 20,822,937

City of Enid, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Non-major Governmental Funds
Year Ended June 30, 2020

	Special Revenue							
	Economic Development Authority Fund	Special Projects Fund	Water Assessment	Street and Alley Fund	CDBG Fund	Paving Assessment	911 Fund	Vance Development Authority
Revenues:								
Taxes	\$ 30,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	434,335	410,809	-	787,968	-
Charges for services	-	-	-	-	-	-	-	-
Other	204,570	17,325	-	11,161	-	-	7,755	-
Interest	47,665	2,597	124	27,713	-	35	5,076	3,416
Total revenues	282,459	19,922	124	473,209	410,809	35	800,799	3,416
Expenditures:								
Current:								
General government	-	-	-	-	-	-	29	3,957
Public safety	-	25,389	-	-	-	-	883,235	-
Public works	-	-	-	432,350	467,668	-	120,033	139,279
Culture and recreation	-	-	-	-	75	-	-	-
Economic development	723,507	-	-	-	-	-	-	-
Debt service:								
Principal	658,000	-	-	-	-	-	170,416	-
Interest	51,114	-	-	-	-	-	14,069	-
Capital outlay	-	-	-	1,723,677	-	-	-	-
Total expenditures	1,432,621	25,389	-	2,156,027	467,743	-	1,187,782	143,236
Excess of revenues over (under) expenditures	(1,150,162)	(5,467)	124	(1,682,818)	(56,934)	35	(386,983)	(139,820)
Other financing sources (uses):								
Transfers in	1,542,680	-	-	2,296,000	-	-	425,000	171,100
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,542,680	-	-	2,296,000	-	-	425,000	171,100
Net change in fund balances	392,518	(5,467)	124	613,182	(56,934)	35	38,017	31,280
Fund balances, beginning	2,247,121	296,060	852	1,440,413	120,019	241	66,485	87,686
Fund balances, ending	\$ 2,639,639	\$ 290,593	\$ 976	\$ 2,053,595	\$ 63,085	\$ 276	\$ 104,502	\$ 118,966

City of Enid, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Non-major Governmental Funds (Continued)
Year Ended June 30, 2020

	Capital Projects				Debt Service		Totals
	Street Improvement Fund	Capital Improvement Fund	Sanitary Sewer Fund	Storm Water Fund	Capital Projects Escrow	Sinking Fund	
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,080	\$ 31,304
Intergovernmental	-	-	-	-	-	-	1,633,112
Charges for services	-	-	-	-	102,287	-	102,287
Other	-	4,500	-	-	-	-	245,311
Interest	21,296	67,860	(609)	121,207	26,810	195	323,385
Total revenues	21,296	72,360	(609)	121,207	129,097	1,275	2,335,399
Expenditures:							
Current:							
General government	12,064	-	-	-	-	-	16,050
Public safety	-	-	-	-	-	-	908,624
Public works	-	-	-	47,899	-	-	1,207,229
Culture and recreation	-	-	-	-	-	-	75
Economic development	-	-	-	-	-	-	723,507
Debt service:							
Principal	-	-	-	-	-	-	828,416
Interest	-	-	-	-	-	-	65,183
Capital outlay	1,409,664	4,167,024	1,274,743	1,583,866	-	-	10,158,974
Total expenditures	1,421,728	4,167,024	1,274,743	1,631,765	-	-	13,908,058
Excess of revenues over (under) expenditures	(1,400,432)	(4,094,664)	(1,275,352)	(1,510,558)	129,097	1,275	(11,572,659)
Other financing sources (uses):							
Transfers in	1,185,000	3,959,000	1,168,476	1,966,532	-	-	12,713,788
Transfers (out)	-	-	-	-	(41,277)	-	(41,277)
Total other financing sources (uses)	1,185,000	3,959,000	1,168,476	1,966,532	(41,277)	-	12,672,511
Net change in fund balances	(215,432)	(135,664)	(106,876)	455,974	87,820	1,275	1,099,852
Fund balances (deficit), beginning	1,065,218	3,340,109	113,814	6,827,583	1,565,969	11,350	17,182,920
Fund balances, ending	\$ 849,786	\$ 3,204,445	\$ 6,938	\$ 7,283,557	\$ 1,653,789	\$ 12,625	\$ 18,282,772

City of Enid, Oklahoma

Combining Statement of Net Position—Non-major Proprietary Funds
June 30, 2020

	Business-Type Activities				Total
	Enterprise Funds				
	Woodring Airport	Enid Event Center and Convention Hall	Enid Public Transportation Authority	Meadowlake Golf Course	
Assets					
Current assets:					
Cash and cash equivalents	\$ 721,371	\$ 489,041	\$ 44,217	\$ 43,195	\$ 1,297,824
Investments	1,117,188	533,074	38,307	172,415	1,860,984
Receivables:					
Accounts (net of allowance for uncollectibles)	36,648	169,607	197	7,000	213,452
Taxes	-	97,290	-	-	97,290
Due from other governments	-	-	90,575	-	90,575
Inventories	47,672	31,352	-	37,267	116,291
Prepaid expenses	1,131	11,990	-	-	13,121
Restricted investments	-	22,907	-	2,069	24,976
Total current assets	1,924,010	1,355,261	173,296	261,946	3,714,513
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	20,354,843	25,011,815	518,572	630,744	46,515,974
Total assets	22,278,853	26,367,076	691,868	892,690	50,230,487
Deferred outflows of resources					
Deferred amounts related to pensions	101,971	-	76,027	72,126	250,124
Total deferred outflows of resources	101,971	-	76,027	72,126	250,124
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 167,771	\$ 282,125	\$ 20,404	\$ 76,124	\$ 546,424
Payable from restricted assets:					
Accrued interest payable	-	-	-	2,069	2,069
Customer deposits	-	22,907	-	-	22,907
Unearned revenue	-	247,394	123,390	12,619	383,403
Current portion of noncurrent liabilities	22,401	-	23,552	10,943	56,896
Total current liabilities	190,172	552,426	167,346	101,755	1,011,699
Noncurrent liabilities:					
Compensated absences	348	-	7,396	21,504	29,248
Capital lease obligations	-	-	-	17,267	17,267
Workers' compensation claims	4,913	-	47,183	17,691	69,787
Net pension liability	296,032	-	220,714	209,388	726,134
Total noncurrent liabilities	301,293	-	275,293	265,850	842,436
Total liabilities	491,465	552,426	442,639	367,605	1,854,135
Deferred inflows of resources					
Deferred amounts related to pensions	10,264	-	7,653	7,260	25,177
Total deferred inflows of resources	10,264	-	7,653	7,260	25,177
Net position					
Net investment in capital assets	20,354,843	25,011,815	518,572	613,477	46,498,707
Unrestricted (deficit)	1,524,252	802,835	(200,969)	(23,526)	2,102,592
Total net position (deficit)	\$ 21,879,095	\$ 25,814,650	\$ 317,603	\$ 589,951	\$ 48,601,299

City of Enid, Oklahoma

Combining Statement of Revenues, Expenses and Changes in Net Position—Non-major
Proprietary Funds/ Enterprise Funds
Year Ended June 30, 2020

	Business-Type Activities				Total
	Enterprise Funds				
	Woodring Airport	Enid Event Center and Convention Hall	Enid Public Transportation Authority	Meadowlake Golf Course	
Operating revenues:					
Charges for services - other	\$ -	\$ 1,255,135	\$ 82,855	\$ 644,090	\$ 1,982,080
Airport	3,081,692	-	-	-	3,081,692
Total operating revenues	3,081,692	1,255,135	82,855	644,090	5,063,772
Operating expenses:					
Airport	2,638,556	-	-	-	2,638,556
Other	-	2,794,684	708,017	597,229	4,099,930
Depreciation and amortization	819,248	1,704,864	88,662	40,628	2,653,402
Total operating expenses	3,457,804	4,499,548	796,679	637,857	9,391,888
Net operating income (loss)	(376,112)	(3,244,413)	(713,824)	6,233	(4,328,116)
Nonoperating revenues (expenses):					
Taxes	-	1,107,335	-	-	1,107,335
Miscellaneous revenues	51,669	-	9,763	8,557	69,989
Interest income	23,036	9,007	323	2,743	35,109
Government grants	-	-	671,078	-	671,078
Gain (loss) on disposition of assets	(5,000)	-	3	386	(4,611)
Interest expense and fiscal charges	-	-	-	(3,396)	(3,396)
Total nonoperating revenues (expenses)	69,705	1,116,342	681,167	8,290	1,875,504
Net income (loss) before capital contributions and transfers	(306,407)	(2,128,071)	(32,657)	14,523	(2,452,612)
Capital grants	188,347	-	-	-	188,347
Transfers in	-	575,000	431,090	320,000	1,326,090
Change in net position	(118,060)	(1,553,071)	398,433	334,523	(938,175)
Net position (deficit), beginning	21,997,155	27,367,721	(80,830)	255,428	49,539,474
Net position, ending	\$ 21,879,095	\$ 25,814,650	\$ 317,603	\$ 589,951	\$ 48,601,299

City of Enid, Oklahoma

Combining Statement of Cash Flows—Non-major Proprietary Funds/Enterprise Funds
Year Ended June 30, 2020

	Business-Type Activities				Total
	Enterprise Funds				
	Woodring Airport	Enid Event Center and Convention Hall	Enid Public Transportation Authority	Meadowlake Golf Course	
Cash flows from operating activities:					
Receipts from customers and grantors	\$ 3,089,788	\$ 1,466,402	\$ 207,126	\$ 634,004	\$ 5,397,320
Payments to suppliers	(2,464,616)	(2,952,653)	(164,582)	(146,902)	(5,728,753)
Payments to employees	(510,638)	(4,901)	(521,658)	(377,142)	(1,414,339)
Net cash provided (used) by operating activities	114,534	(1,491,152)	(479,114)	109,960	(1,745,772)
Cash flows from noncapital financing activities:					
Taxes	-	1,119,999	-	-	1,119,999
Interfund payments	-	-	(108,719)	-	(108,719)
Miscellaneous revenues	51,669	-	9,763	8,557	69,989
Operating transfers in	-	575,000	431,090	320,000	1,326,090
Net cash provided (used) by noncapital financing activities	51,669	1,694,999	332,134	328,557	2,407,359
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	-	-	-	(20,880)	(20,880)
Interest expense and fiscal charges	-	-	-	(1,696)	(1,696)
Capital grants	468,539	-	614,927	-	1,083,466
Acquisition/construction of capital assets	(517,982)	-	(385,746)	(278,827)	(1,182,555)
Net cash provided (used) by capital and related financing activities	(49,443)	-	229,181	(301,403)	(121,665)
Cash flows from investing activities:					
Purchase of investments	(200,000)	(150,000)	(450,000)	(200,000)	(1,000,000)
Proceeds from sales of investments	51,077	11,472	411,693	83,073	557,315
Interest income	23,036	9,007	323	2,743	35,109
Net cash provided (used) by investing activities	(125,887)	(129,521)	(37,984)	(114,184)	(407,576)
Net increase (decrease) in cash and cash equivalents	(9,127)	74,326	44,217	22,930	132,346
Cash and cash equivalents, beginning	730,498	414,715	-	20,265	1,165,478
Cash and cash equivalents, ending	\$ 721,371	\$ 489,041	\$ 44,217	\$ 43,195	\$ 1,297,824
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Net operating income (loss)	\$ (376,112)	\$ (3,244,413)	\$ (713,824)	\$ 6,233	\$ (4,328,116)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	819,248	1,704,864	88,662	40,628	2,653,402
(Increases) decrease in assets:					
Receivables	8,096	5,591	881	(7,000)	7,568
Inventory	26,917	4,659	-	15,024	46,600
Prepaid expenses	(715)	5,361	-	140	4,786
Pension related deferred outflows	(75,048)	-	(54,652)	(51,521)	(181,221)
Increase (decrease) in liabilities:					
Accounts payable and accrued liabilities	(394,111)	(172,890)	4,269	8,495	(554,237)
Compensated absences	(21,112)	-	4,921	7,022	(9,169)
Workers' compensation claims	(252)	-	(19,274)	14,116	(5,410)
Unearned revenue	-	210,402	123,390	(3,086)	330,706
Customer deposits	-	(4,726)	-	-	(4,726)
Net pension liability	128,236	-	87,496	80,973	296,705
Pension related deferred inflows	(613)	-	(983)	(1,064)	(2,660)
Total adjustments	490,646	1,753,261	234,710	103,727	2,582,344
Net cash provided (used) by operating activities	\$ 114,534	\$ (1,491,152)	\$ (479,114)	\$ 109,960	\$ (1,745,772)

City of Enid, Oklahoma

Combining Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2020

	Agency Funds			Pension Trust Funds		
	CLEET Fund	Court Bonds	Total	Retirement Defined Benefit	Retirement 401(k)	Total
Assets						
Cash and cash equivalents	\$ 2,066	\$ 19,846	\$ 21,912	\$ 293,415	\$ -	\$ 293,415
Investments	10,617	-	10,617	-	-	-
Mutual fund - equities	-	-	-	17,469,076	12,800,129	30,269,205
Mutual fund - corporate bonds	-	-	-	6,945,730	2,015,231	8,960,961
Money market funds	-	-	-	-	182,481	182,481
Receivables:						
Accrued interest	-	-	-	2,080	-	2,080
Participant loans	-	-	-	-	343,984	343,984
Total assets	\$ 12,683	\$ 19,846	\$ 32,529	24,710,301	15,341,825	40,052,126
Liabilities						
Funds held in custody for others	12,683	19,846	32,529	-	-	-
Total liabilities	\$ 12,683	\$ 19,846	\$ 32,529	-	-	-
Net position				\$ 24,710,301	\$ 15,341,825	\$ 40,052,126

City of Enid, Oklahoma

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Pension Trust Funds		Totals
	Retirement Defined Benefit	Retirement 401(k)	
Additions			
Contributions:			
Employer	\$ 820,252	\$ 390,866	\$ 1,211,118
Plan members	-	623,035	623,035
Total contributions	820,252	1,013,901	1,834,153
Investment earnings:			
Net increase (decrease) in the fair value of investments	(1,467,332)	435,770	(1,031,562)
Interest and dividends	580,619	-	580,619
Total investment earnings	(886,713)	435,770	(450,943)
Total additions	(66,461)	1,449,671	1,383,210
Deductions			
Benefits and withdrawals	1,594,496	1,818,351	3,412,847
Administrative expenses	125,494	47,404	172,898
Total deductions	1,719,990	1,865,755	3,585,745
Change in net position	(1,786,451)	(416,084)	(2,202,535)
Net position restricted for pensions, beginning	26,496,752	15,757,909	42,254,661
Net position restricted for pensions, ending	\$ 24,710,301	\$ 15,341,825	\$ 40,052,126

City of Enid, Oklahoma

Schedule of Debt Service Coverage
Year Ended June 30, 2020

	OWRB Notes	Sales Tax Revenue Note Series 2015
Gross revenue available for debt service:		
Charges for services:		
Water	\$ 22,128,893	\$ 22,128,893
Wastewater	8,915,488	8,915,488
Stormwater	1,933,312	1,933,312
Solid waste	4,792,438	4,792,438
Landfill	1,171,172	1,171,172
Other	657,708	657,708
Sales tax collections pledged and transferred	9,740,301	9,740,301
Total gross revenue	49,339,312	49,339,312
Operating expenses, excluding depreciation and amortization:		
Utility services	615,246	615,246
Water production	2,371,023	2,371,023
Wastewater management services	3,557,003	3,557,003
Solid waste	3,231,499	3,231,499
Landfill	878,158	878,158
Other	317,151	317,151
Total operating expenses	10,970,080	10,970,080
Other expenses:		
Required transfers to other funds	10,000,000	10,000,000
Payment to schools	-	-
Total other expenses	10,000,000	10,000,000
Net revenues available for debt service	\$ 28,369,232	\$ 28,369,232
Debt service requirements	\$ 8,037,186	\$ 8,037,186
Computed coverage	353%	353%
Coverage requirement	125%	125%

Note 1: The above gross revenue and operating expenses only include the activities of the Authority related to water, wastewater, refuse services and landfill operations, excluding depreciation and amortization.

Note 2: The coverage requirements on the OWRB notes are calculated using maximum annual debt service on these notes and any subordinate debt.

City of Enid, Oklahoma

**Schedule of Expenditures of State Awards
Year Ended June 30, 2020**

<u>State Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
State Programs:		
Oklahoma Department of Transportation:		
Public Transit Revolving Fund	STPTRF-9025(414)	<u>\$ 45,513</u>
Oklahoma Department of Commerce:		
Oklahoma Strategic Military Planning Commission		<u>125,113</u>
Oklahoma Aeronautics Commission:		
Terminal Building	WDG-19-FS	<u>41,193</u>
Total Expenditures of State Awards		<u><u>\$ 211,819</u></u>



RSM US LLP

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2020, except for Note 8 for which the date is March xx, 2022.. Our report includes an emphasis of matter paragraph explaining that the financial statements have been restated to correct misstatements in the June 30, 2020 financial statements.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2020-001, 2020-002 and 2020-003, that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

RSM US LLP

Oklahoma City, Oklahoma

December 31, 2020, except for Note 8 for which the date is March 31, 2022

**Report on Compliance for each Major Federal Program and
Report on Internal Control Over Compliance
as Required by Uniform Guidance**

RSM US LLP

Independent Auditor's Report

City Council
City of Enid, Oklahoma
Enid, Oklahoma

Report on Compliance for each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2020-004. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-004, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 31, 2020, except for Note 8 for which the date is March 31, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

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

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

RSM US LLP

Oklahoma City, Oklahoma
March 31, 2022

City of Enid, Oklahoma

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Interior				
Pass-Through Program From:				
Oklahoma Historical Society- Historic Preservation Fund				
Grants-In-Aid	15.904	18-601	\$ -	\$ 600
		19-601	-	6,300
Total U.S. Department of Interior			-	6,900
U.S. Department of Transportation				
Direct Program:				
Airport Improvement Program	20.106	AIP 3-40-0028-2018	-	22,041
			-	22,041
Pass-through program from Oklahoma Department of Public Safety				
Oklahoma Highway Safety Office- Highway Safety Cluster				
State & Community Highway Safety	20.600	AL-19-03-07-15	-	16,432
State & Community Highway Safety	20.600	164AL-20-03-01-16	-	19,026
State & Community Highway Safety	20.600	PT-20-03-04-16	-	766
			-	36,224
Pass-through programs from Oklahoma Department of Transportation				
Formula Grants for Other Than Urbanized Areas	20.509	FTA5311-TP-19(357)	-	1,459
	20.509	FTARTAP-0945(085)	-	-
	20.509	FTA5311-TP-20(384)	-	246,634
	20.509	FTA5311-CARE(406)	-	46,718
			-	294,811
Federal Transit Cluster				
Bus and Facilities Formula Program	20.526	FTA5339(b)-TP-17(043)	-	277,076
Bus and Facilities Formula Program	20.526	FTA5339-BBF(029)	-	95,704
			-	372,780
Total U.S. Department of Transportation			-	725,856
U.S. Department of Justice				
Pass-Through Program From:				
Oklahoma State Bureau of Investigation--				
Internet Crimes Against Children	16.543	Not available	-	4,139
Bulletproof Vest Partnership Program	16.607	Not available	-	6,280
Total U.S. Department of Justice			-	10,419
National Foundation of the Arts and the Humanities				
Pass-Through Program From:				
Oklahoma Department of Libraries				
State Library Program-				
State Aid Grant	45.310	FY19	-	2,326
State Aid Grant	45.310	FY20	-	22,834
Immigration and Citizenship Services				
CitizenshipTechnology Grant	45.310	F-20-054	-	1,118
Total National Foundation of the Arts and the Humanities			-	26,278
U.S. Department of Housing and Urban Development				
Direct Program -				
Community Development Block Grant				
Entitlement Grants Cluster	14.218	FFY-2017	-	54,002
	14.218	FFY-2018	-	224,798
	14.218	FFY-2019	-	133,175
Total U.S. Department of Housing and Urban Development			-	411,975
U. S. Department of Homeland Security				
Pass-Through Program From:				
Oklahoma Dept of Emergency Management -				
Emergency Management				
Disaster Grant-Public Assistance	97.036	FEMA DR-4438-OK-PW-75	-	2,486
	97.036	FEMA DR-4438-OK-PW-83	-	2,442
Total U.S. Department of Homeland Security			-	4,928
Total Expenditures of Federal Awards			\$ -	\$ 1,186,356

See notes to schedule of expenditures of federal awards.

City of Enid, Oklahoma

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

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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



CITY OF ENID
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**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2020**

Compliance Findings

2019-001

Finding: The City was unable to locate copies of the weekly certified payrolls submitted by the contractor to the City related to the Airport construction project. The City ultimately obtained them from the contractor.

Corrective Actions Taken or Planned: Corrected. Certified payroll forms, as well as invoices, will be maintained in the finance department.

2019-002

Finding: The City did not maintain copies of its Federal Form SF-271;s and did not have evidence that such forms were submitted to the grantor agency.

Corrective Actions Taken or Planned: Corrected. The grants administrator will review the SF-271 forms prior to submittal and they will be filed in the finance department.

2019-003

Finding: For the year ended June 30, 2018, the District's compliance reporting package and Data Collection Form were submitted to the Federal Audit Clearinghouse more than 30 days after the date the District received the reports. Thus, the District did not meet the criteria to be considered a low-risk auditee for the Single Audit for the year ended June 30, 2019 or 2020.

Corrective Actions Taken or Planned: Corrected. The 2021 compliance reporting package and Data Collections form will be filed timely.

City of Enid, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

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

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

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

Identification of major programs:

Federal CFDA #	Name of Federal Program
14.218	Community Development Block Grant-Entitlement Grants Cluster
20.526	Bus and Bus Facilities Formula & Discretionary Programs-Federal Transit Cluster

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

Auditee qualified as low-risk auditee? Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

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

A. Internal Control

See Findings 2020-001, 2020-002 and 2020-003.

B. Compliance Findings

No matters were reported.

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

A. Internal Control

See Finding 2020-004.

B. Compliance Findings

See Finding 2020-004.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Finding 2020-001

Material weakness in internal control over financial reporting

Finding: During the course of performing the FY 2020 audit, we identified two misstatements in the City's accounting records, one of which was material to a major fund. Both misstatements were corrected by the City and recorded in its 2020 financial statements.

Criteria: Effective internal controls should be established and maintained to prevent, or detect and correct material misstatements in the annual financial statements on a timely basis.

Condition: Many critical duties are combined and given to one individual. Currently, a single individual prepares and reviews top level journal entries that are required to prepare financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). These entries are complex, and contain numerous allocations of financial data and are critical for the overall financial statements, thus increasing the risk that a misstatement could occur and not be detected. In the current year, certain top level journal entries were posted in the financial statements incorrectly resulting in:

- (1) An understatement of construction in progress in the preliminary Enid Municipal Authority fund financial statements and business-type activities financial statements (of approximately \$1.7 million);
- (2) An understatement of pension deferred outflows in the preliminary governmental activities financial statements (of approximately \$678,000);

Adjustments were posted to correct the errors in the fund financial statements, governmental activities financial statements and business-type activities financial statements.

Cause: The errors were caused by a combination of factors, including lack of involvement of other employees in certain financial statement areas that may be of higher level of complexity, and insufficient analytical review (such as comparison to the prior year) of the annual financial statements.

Effect: Preliminary fund financial statements, government-wide financial statements and note disclosures contained errors that were material to the financial statements. Such errors and incorrect disclosures were corrected and revised by the City and are properly reflected in its 2020 financial statements.

Recommendation: We recommend that the City implement procedures to ensure duties are segregated in order for U.S. GAAP entries to be properly accounted for, reviewed, and recorded in the financial statements to ensure that all matters are considered, especially for some of the technical issues that are involved in preparing financial statements that are as lengthy and complex as the City's.

City Management's Response: See Corrective Action Plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Finding 2020-002

Material weakness in internal control over financial reporting

Finding: Subsequent to issuance of the 2020 financial statements, the City identified two material misstatements in the 2020 financial statements.

Criteria: Effective internal controls should be established and maintained to prevent, or detect and correct, material misstatements in the annual financial statements on a timely basis.

Condition: The design of the City's internal control system failed to detect, or prevent and correct, two material misstatements as follows:

- (1) A budgetary transfer between the Enid Municipal Authority and the Water Capital Improvement Fund, a major governmental fund, (of approximately \$9.2 million); and
- (2) An understatement of accounts payable and related expense accounts totaling in across multiple funds and both governmental and business-type activities, (of approximately \$2.5 million).

These misstatements were identified during the June 30, 2021 audit of the City. The adjustments were posted to the June 30, 2020 re-issued financial statements to correct the errors in the fund financial statements, governmental activities financial statements and business-type activities financial statements.

Cause: The errors were caused by a combination of factors, including the establishment of accounting policies that were not in accordance with U.S. GAAP.

Effect: The June 30, 2020 financial statements as originally issued were incorrect. The City is restating it's 2020 financial statements to correct these misstatements.

Recommendation: We recommend that the City evaluate its policies and procedures and identify those that are not consistent with U.S. GAAP. If certain policies and accounting entries are required for legal budgetary purposes, they should be clearly identified as such so that those transactions are not included in the financial statements.

City Management's Response: See Corrective Action Plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Finding 2020-003

Material weakness in internal control over financial reporting

Finding: The City's June 30, 2020 financial statements omitted a schedule required by accounting principles generally accepted in the United States of America (U.S. GAAP).

Criteria: GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, is the authoritative guidance for preparation of state and local government financial statements in accordance with U.S. GAAP. Paragraph 77 of GASB Statement No 34 requires that the financial statements present a reconciliation of the governmental funds financial statements to the government-wide financial statements.

Condition: The City's financial statements as of and for the year ended June 30, 2020 did not include the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (the Schedule).

Cause: The required Schedule was included in drafts previously reviewed by the City; however, it was inadvertently deleted from the financial statement template prior to issuance.

Effect: The June 30, 2020 financial statements were not fairly presented in accordance with U.S. GAAP. The City has restated its June 30, 2020 financial statements which includes the required schedule.

Recommendation: We recommend City management evaluate and modify its controls over review of the financial statements.

City Management's Response: See Corrective Action Plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Finding 2020-004

Federal Program: Not Specific

Award Year: 2020

Repeat Finding: Yes, originally reported as Finding 2019-003

Required filings with Federal Audit Clearinghouse and Auditee Risk Assessment

Criteria

For an entity to be considered a low-risk auditee, the Uniform Guidance states that the entity must meet all of the conditions outlined in 200.520 of the Uniform Guidance, including submitting the data collection form and reporting package to the Federal Audit Clearinghouse within the earlier of 9 months after fiscal year-end or 30 days after receipt of the independent auditor's report.

Condition

For the year ended June 30, 2018, the City's compliance reporting package and Data Collection Form were submitted more than 30 days after the date the City received the reports. Thus, the City did not meet the criteria to be considered a low-risk auditee for the Single Audit for the years ended June 30, 2019 and June 30, 2020.

Cause

The City believed they had 30 days from the date the report was formally accepted by the City Council versus 30 days from the date they received the reports

Effect or Potential Effect

The percentage of federal expenditures audited did not meet the 40% coverage requirement for high risk auditees. Therefore the City recalled and reissued the 2020 data collection form and the compliance reporting package and engaged its auditors to audit the additional program.

Recommendation

Future submissions of the data collection form and reporting package should occur within the earlier of 30 days of receipt of the independent auditor's report or 9 months after the end of the fiscal year.

City Management's Response:

See Corrective Action Plan.



**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

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Identifying Number: 2020-001

Finding: During the course of performing the FY 2020 audit, we identified two misstatements in the City's accounting records, one of which was material to a major fund. Both misstatements were corrected by the City and recorded in its 2020 financial statements.

Corrective Actions Taken or Planned: The City generates approximately 50 adjusting journal entries every year to adjust the trial balance to account for numerous accruals and deferrals and ensure the financial statements are fairly stated and free of material misstatement. The complexity of some of these adjustments such as deferred outflows on pensions exceed the comprehension of a reasonable person without specific expertise and knowledge. Additionally, the review of construction-in-progress has become magnified with the Kaw Lake Water Supply project and the very large payments made to the engineer and soon to be construction-manager-at-risk. These payments were made subsequent to the 2019-2020 fiscal period but applicable to it and were not identified timely in the adjustment process.

The City does review the adjustments and has segregation with different personnel either making the entries, reviewing or entering them. In this case, there was review of the entries and separation of duties, but some errors or omissions still occurred. We believe this is due to a need for a refinement in our review and analysis process.

As stated by the auditor in the finding, the financial statements were not misstated as the error and omissions were corrected before completing and issuing the financial statements.

Corrective Action:

Each adjusting entry will be assigned to the appropriate trained staff member. Each completed entry will be reviewed by the CFO or Accounting Manager, who did not generate the adjusting journal entry. The creator of the adjusting journal entry and the reviewer will do comparative analysis after completion of the entry to gain reasonable assurance the entry is correct and free of material misstatement. Finally, numerous trained accounting staff will review the draft audit report and financial statements for accuracy and completeness.

Anticipated Completion Date: Implementation of the corrective action is anticipated for the June 2021 year end close process.

Contact Person: Chief Financial Officer for the City of Enid



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**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Identifying Number: 2020-002

Finding: The City's June 30, 2020 financial statements omitted a schedule required by accounting principles generally accepted in the United State of America (U.S. GAAP).

Corrective Actions Taken or Planned: The City generates approximately 50 adjusting journal entries every year to adjust the trial balance to account for numerous accruals and deferrals and ensure the financial statements are fairly stated and free of material misstatement. The complexity of some of these adjustments may exceed the comprehension of a reasonable person without specific expertise and knowledge. These adjustments are booked one time each year to adjust the cash basis budgetary basis of accounting used throughout the budget year to produce the annual audited financial statements. The City of Enid hires an accounting firm to compile the financial statements.

Additionally, the review of accounts payable has been expanded to identify those invoices expensed in the current year but not paid until the following fiscal year adjustment process along with those accounts payable expensed and paid in the following fiscal year related to the prior year. In this case, there was review of the entries and separation of duties, but some errors or omissions still occurred. We believe this is due to a need for a refinement in our review and analysis process.

As stated by the auditor in the finding, the financial statements were restated.

Corrective Action:

The City will review the trial balance with the accounting firm hired to prepare the financial statement to make sure that all the necessary adjusting entries have been booked and non-GAAP accounts or activity is identified for proper GAAP financial statements presentation.

Anticipated Completion Date: Implementation of the corrective action is anticipated for the June 2021 year end close process.

Contact Person: Chief Financial Officer for the City of Enid



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**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Identifying Number: 2020-003

Finding: The City's June 30, 2020 financial statements omitted a schedule required by accounting principles generally accepted in the United State of America (U.S. GAAP).

Corrective Action:

The City reviewed multiple draft copies of the audit over the course of weeks. In the last draft reviewed by management all pages were included and approved. In the future, management will review the "final draft" financial statement on a page-by-page basis and the table of contents listing to ensure completeness as required by GASB Statement No. 34.

Anticipated Completion Date: Implementation of the corrective action is anticipated for the June 2021 year end close process.

Contact Person: Chief Financial Officer for the City of Enid



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**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Identifying Number: 2020-004

Finding: Required filings with Federal Audit Clearinghouse and Auditee Risk Assessment

Corrective Action:

The City will submit the data collection form and reporting package within the earlier of 30 days of the date of the independent auditor's report or 9 months after the end of the fiscal year.

Anticipated Completion Date: Implementation of the corrective action is anticipated for the June 2021 year end close process.

Contact Person: Chief Financial Officer for the City of Enid