NOTICE OF SPECIAL MEETING

OF THE

CHICKASHA CITY COUNCIL

In compliance with Title 25, Oklahoma Statutes, Section 301-314, the Oklahoma Open Meeting Act, including the posting of notice and agenda, be advised that the Chickasha City Council, Chickasha Municipal Authority, and Chickasha Municipal Airport Authority of the City of Chickasha, Oklahoma, will conduct a **SPECIAL MEETING ON MONDAY, AUGUST 30, 2021, AT 6:30 PM**. Said meeting will be held in the Council Chambers, City Hall, 117 North 4th Street, Chickasha, Oklahoma.

The City of Chickasha encourages participation from all its citizens. If participation is not possible due to a disability, notification to the City Clerk at least 48 hours prior to the scheduled meeting is encouraged to make the necessary accommodations. The City may waive the 48-hour rule if signing is not the necessary accommodation.

All items on this agenda, including but not limited to any agenda item concerning the adoption of any ordinance, resolution, contract, agreement, or any other item of business, are subject to amendment, including additions and/or deletions. This rule will apply to every individual agenda item without exception, and without providing this same amendment language with respect to each individual agenda item. Such amendments should be rationally related to the topic of the agenda item, or the governing body will be advised to continue the item.

The governing body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the governing body may refer the matter to its City/Trust Manager, staff, attorney or to the recommending board, commission or committee.

Agenda items are attached.

I, Susan M. McDaniel, City Clerk, posted this Agenda on the official City of Chickasha bulletin board in the Municipal Building, 117 North 4th Street Chickasha, OK, 73018, which is accessible to the public twenty-four hours each day at 4:30 p.m. on Thursday, August 26, 2021.

Susan McDaniel

Sworn to and subscribed before me on this 26th dayAugust, 2021.

My Commission Expires: 10-1-2022

TRACEY LYNN AUSTIN
NOTARY PUBLIC
EXPIRES 10-01-22
STATE OF OKLAHOMA

Notary Commission
14008829

Notary Public, State of Oklahoma

CHICKASHA CITY COUNCIL

AGENDA
LOCATION OF MEETING
CITY HALL COUNCIL CHAMBERS
117 NORTH FOURTH STREET
CHICKASHA, OKLAHOMA 73018

TIME OF MEETING	**DATE OF MEETING**
6:30 PM	**AUGUST 30, 2021**

All items on this agenda, including but not limited to any agenda item concerning the adoption of any ordinance, resolution, contract, agreement, or any other item of business, are subject to amendment, including additions and/or deletions. This rule will apply to every individual agenda item without exception, and without providing this same amendment language with respect to each individual agenda item. Such amendments should be rationally related to the topic of the agenda item, or the governing body will be advised to continue the item.

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1. Call to Order / Roll Call / Opening Prayer / Pledge of Allegiance.

2. Citizen Comments.

3. Council Communications.

4. Discussion and Consideration

a. Discussion, consideration and possible action to accept the Financial Audit for the Fiscal Year Ending June 30, 2020.

b. Discussion, consideration and possible action to approve financing for the purchase of a Pierce Enforcer (45) Fire Truck.

5. Motion to Adjourn.

City of
CHICKASHA

Meeting Type: Special Council Meeting 8-30-2021

Meeting Date: 8/30/2021

Department: Finance **Agenda Item No. 4.a.**

AGENDA ITEM: Discussion, consideration and possible action to accept the Financial Audit for the Fiscal Year Ending June 30, 2020.

I. BACKGROUND/DESCRIPTION:

Presentation of the audit reports for Fiscal Year Ending June 30, 2020. Vote required for acceptance of reports.

II. RECOMMENDED ACTION:

Accept Audit for FY - June 30, 2020.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director: Cindy Rogers, Finance Director	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: August 30, 2021	(From)		

V. ATTACHMENTS:

1. 2020 Chichasha FINAL
2. AP 9 Communication with Governance 20
3. AP 9.3 2020 AJEs

CITY OF
CHICKASHA, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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

THE CITY OF CHICKASHA, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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

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AJ &B ANGEL, JOHNSTON & BLASINGAME, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Chickasha, Oklahoma

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Chickasha, Oklahoma as of and for the year ended June 30, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report August 13, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Chickasha's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
August 13, 2021

The management of the City of Chickasha is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2020. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by $2,982,631 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows at June 30, 2020, by $104,498,005 (Net Position). Of this amount, $15,666,838 (Unrestricted Net Position) is available to meet the government's ongoing needs.

- At June 30, 2020, the City's governmental funds reported combined ending fund balances of $11,950,771.

- At the end of fiscal year 2020, unassigned fund balance for the General Fund was negative $588,399 or negative 3.73% of annual General Fund revenues.

ABOUT THE CITY

The City of Chickasha is an incorporated municipality with a population of approximately 16,337 located in central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a nine-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

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

The City's Financial Reporting Entity

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

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

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

- **The Chickasha Municipal Authority** – that operates the water, wastewater, and sanitation activities of the City.

- **The Chickasha Municipal Airport Authority** – that operates the municipal airport activities of the City.

- **The Chickasha Industrial Authority** – that promotes and encourages the general economic and social development of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These government-wide financial statements include all assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

In the Statement of Net Position and the Statement of Activities, we divide the City's primary government into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, sanitation, lake, and airport activities are reported as business-type activities.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds - not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the City of Chickasha can be divided into two categories: governmental funds and proprietary funds.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 27-58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund, EMS Fund, and ED-Dedicated Sales Tax Fund, combining and individual fund financial statements and schedules, and a schedule of federal and state award expenditures.

THE C ITY AS A WHOLE

For the year ended June 30, 2020, net position for the governmental and business-type activities increased $2,982,631. The results indicate the City, as a whole, saw an increase in its financial position from the prior year. Following is a summary of Net Position for the City of Chickasha primary government.

Net Position
June 30, 2020
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	* 2019		2020	* 2019		2020	* 2019	
Current assets	$ 16,452	$ 16,523	0%	$ 20,979	$ 18,502	13%	$ 37,431	$ 35,025	7%
Capital assets, net	36,420	36,670	-1%	44,906	45,729	-2%	81,326	82,399	-1%
Other non-current assets	620	903	-31%	213	241	-12%	833	1,144	-27%
Total assets	53,492	54,096	-1%	66,098	64,472	3%	119,590	118,568	1%
Deferred outflows of resources	3,106	3,377	-8%	169	124	36%	3,275	3,501	-6%
Current liabilities	1,209	1,605	-25%	1,860	2,195	-15%	3,069	3,800	-19%
Non-current liabilities	9,390	10,401	-10%	3,452	4,563	-24%	12,842	14,964	-14%
Total liabilities	10,599	12,006	-12%	5,312	6,758	-21%	15,911	18,764	-15%
Deferred inflows of resources	2,212	1,720	29%	243	187	30%	2,455	1,907	29%
Net position									
Net investment in capital assets	36,142	36,066	-	40,490	40,239	1%	76,632	76,305	-
Restricted	7,932	6,616	20%	4,267	3,818	12%	12,199	10,434	17%
Unrestricted (deficit)	(288)	1,065	-127%	15,955	13,594	17%	15,667	14,659	7%
Total net position	$ 43,786	$ 43,747	-	$ 60,712	$ 57,651	5%	$ 104,498	$ 101,398	3%

* Prior year amounts not restated for MDA purposes

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to $76.6 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves canned be used to liquidate these liabilities.

A portion of the City's net position, $12.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $15.7 million, may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position
Year Ended June 30, 2020
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	* 2019		2020	* 2019		2020	* 2019	
Revenues									
Charges for services	$ 3,426	$ 2,561	34%	$ 6,926	$ 6,855	1%	$ 10,352	$ 9,416	10%
Operating grants and contributions	1,107	1,082	2%	136	-	129%	1,243	1,082	15%
Capital grants and contributions	600	192	213%	181	139	30%	781	331	136%
Sales and use tax	13,113	13,911	-6%	-	-	-	13,113	13,911	-6%
Other taxes	1,619	1,769	-8%	-	-	-	1,619	1,769	-8%
Interest	98	127	-23%	166	185	-10%	264	312	-15%
Miscellaneous	2,127	2,261	-6%	165	285	-42%	2,292	2,546	-10%
Total revenues	22,090	21,903	1%	7,574	7,464	1%	29,664	29,367	1%
Expenses									
General government	4,130	4,111	-	-	-	-	4,130	4,111	0%
Public safety	10,102	8,138	24%	-	-	-	10,102	8,138	24%
Highways and streets	1,079	1,222	-12%	-	-	-	1,079	1,222	-12%
Culture and recreation	1,651	1,519	9%	-	-	-	1,651	1,519	9%
Cemetery	123	124	-1%	-	-	-	123	124	-1%
Community development	179	174	3%	-	-	-	179	174	3%
Economic development	870	571	52%	-	-	-	870	571	52%
Interest on long-term debt	14	22	-36%	-	-	-	14	22	-36%
Water	-	-	-	3,686	3,376	9%	3,686	3,376	9%
Sewer	-	-	-	1,879	1,856	1%	1,879	1,856	1%
Sanitation	-	-	-	2,432	2,312	5%	2,432	2,312	5%
Lake	-	-	-	95	100	-5%	95	100	-5%
Airport	-	-	-	441	485	-9%	441	485	-9%
Total expenses	18,148	15,881	14%	8,533	8,129	5%	26,681	24,010	11%
Excess (deficiency) before transfers	3,942	6,022	35%	(959)	(665)	-44%	2,983	5,357	-44%
Transfers	(3,951)	(3,751)	5%	3,951	3,751	5%	-	-	-
Change in net position	(9)	2,271	-100%	2,992	3,086	-3%	2,983	5,357	-44%
Beginning net position- restated	43,795	41,476	6%	57,720	54,565	6%	101,515	96,041	6%
Ending net position	$ 43,786	$ 43,747	-	$ 60,712	$ 57,651	5%	$ 104,498	$ 101,398	3%

* Prior year amounts not restated for MDA purposes

Governmental Activities

The City's governmental activities had a decrease in net position of $9,248.

Charges for services increased in the current year due to an EMS Medicaid supplement payment and an increase in permits and fees in the current year. Capital grants and contributions increased in the current year due to a contribution for EMS capital outlay.

Net Revenue/Expense Governmental Activities (In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2020	2019		2020	2019	
General government	$ 4,130	$ 4,111	-	$ (3,092)	$ (3,241)	-5%
Public safety	10,102	8,137	24%	(6,625)	(5,563)	19%
Highways and streets	1,079	122	784%	(793)	(1,077)	-26%
Culture and recreation	1,651	1,519	9%	(1,558)	(1,412)	10%
Cemetery	123	124	-1%	9	(31)	-129%
Community development	179	174	3%	(179)	(174)	3%
Economic development	870	571	52%	(763)	(526)	45%
Interest on long-term debt	14	22	-36%	(14)	(22)	-36%
Total	$ 18,148	$ 14,780	23%	$ (13,015)	$ (12,046)	8%

Business-type Activities

The City's business-type activities had an increase in net position of $2,991,879.

The business-type activities had an increase in operational grants and contributions due to a Hazard Mitigation grant received in the current year.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2020	2019		2020	2019	
Water	$ 3,686	$ 3,376	9%	$ (961)	$ (854)	13%
Sewer	1,879	1,856	1%	(305)	(249)	22%
Sanitation	2,432	2,312	5%	(278)	(523)	-47%
Lake	95	100	-5%	(51)	(44)	16%
Airport	441	485	-9%	306	534	-43%
Total	$ 8,533	$ 8,129	5%	$ (1,289)	$ (1,136)	13%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of $11,950,771. For the year ended June 30, 2020, the General Fund's total fund balance decreased by $1,523,948 to $1,758,291 or 11.1% of General Fund annual revenues. The EMS Fund's total fund balance decreased by $249,926. The ED-Dedicated Sales Tax Fund decreased by $166,469 and the CIP-Dedicated Sales Tax Fund's total fund balances increased by $1,585,490. The Capital Project Fund's total fund balance decreased by $773,322.

Budgetary Highlights

For the year ended June 30, 2020, the General Fund reported actual budgetary basis revenues below final estimates by $959,740 or a 6.02% negative variance. General Fund actual expenditures were under final appropriations by $2,675,139 or a 13.95% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the City had approximately $81 million invested in capital assets, net of depreciation, including land, buildings, improvements, machinery and equipment, vehicles, water and sewer systems, and roads and bridges. This represents a net decrease of approximately $1,071,000 compared to last year.

Below are details regarding the City's capital assets for the years ended June 30, 2020 and June 30, 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 1,965	$ 1,965	$ 3,805	$ 3,627	$ 5,770	$ 5,592
Construction in progress	187	296	836	528	1,023	824
Buildings	5,834	6,041	5,536	5,970	11,370	12,011
Improvements	2,664	2,669	877	976	3,541	3,645
Infrastructure	22,846	22,588	5,225	4,927	28,071	27,515
Machinery & equipment	1,893	1,618	2,543	2,681	4,436	4,299
Vehicles	1,032	1,493	137	190	1,169	1,683
Utility property improvements	-	-	25,946	26,828	25,946	26,828
Totals	$ 36,421	$ 36,670	$ 44,905	$ 45,727	$ 81,326	$ 82,397

This year's more significant capital asset additions include CAD/RMS systems for Dispatch, Storm Sirens for city, sanitary sewer extensions, Shannon Springs Park renovation, Congo Creek street repairs, and HVAC units for city hall.

Long-Term Debt

At year-end, the City had approximately $14.09 million in long-term debt outstanding, which represents approximately a $2.4 million decrease from the prior year. This net decrease was due to a decrease in net pension liability and OPEB liability, and regular debt retirements.

Long-Term Debt
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable	$ -	$ -	$ 4,415	$ 5,450	$ 4,415	$ 5,450
Capital leases	278	604	-	39	278	643
Accrued compensated absences	821	779	35	35	856	814
Net pension liability	7,931	8,576	-	-	7,931	8,576
Total OPEB liability	542	846	70	116	612	962
Totals	$ 9,572	$ 10,805	$ 4,520	$ 5,640	$ 14,092	$ 16,445

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Chickasha has seen a decline in oil and gas revenues. Operations along the Anadarko Shale have slowed, and administration believes this activity will increase slowly over next fiscal year. Chickasha is situated within the South Central Oklahoma Oil Provence (SCOOP) and its existing wells have helped stabilize the local economy. However, the City will need to use caution approaching the next fiscal cycle due to the potential volatility of the petroleum industry throughout 2021-22. Additionally, the City will see this trend impact all sales and use tax gains directly related to the energy sector.

The City has seen a negative tax revenue pattern related to COVID-19, but as construction of new physical retail spaces continues to increase opportunities arise to reverse this trend. The limited proportion of use tax to fill this gap did not make up the total difference in tax leakage. The City continues to see moderate growth, but at a pace that will push recognized revenues two to three years out. Due to this factor the City will still need to be aggressive with pursuing a solution for more stable cash flows. Organizational revenues are still falling below expenses, despite better financial controls and management of all funds. The City is still working with an inadequate General Fund which will now absorb more maintenance and operational expenses formerly covered by bond funds.

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

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 117 N. 4th Street, Chickasha, Oklahoma 73018 or phone (405) 222-6020.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

Statement of Net Position – June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 11,417,803	$ 9,284,822	$ 20,702,625
Investments	4,300,001	8,350,000	12,650,001
Accounts receivable, net of allowance	379,789	1,006,050	1,385,839
Taxes receivable	119,393	-	119,393
Court fines receivable, net of allowance	43,707	-	43,707
Inventories	87,327	60,975	148,302
Interest receivable	38,372	103,731	142,103
Notes receivable	176,928	-	176,928
Internal balances	(1,969,977)	1,969,977	-
Due from other governments	1,771,179	193,518	1,964,697
Other assets	87,036	9,893	96,929
Net pension asset	619,640	213,256	832,896
Capital assets:			
Land and construction in progress	2,151,258	4,641,307	6,792,565
Other capital assets, net of depreciation	34,269,102	40,264,192	74,533,294
Total assets	53,491,558	66,097,721	119,589,279
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pension	2,902,178	139,140	3,041,318
Deferred amounts related to OPEB	203,406	29,578	232,984
Total deferred outflows of resources	3,105,584	168,718	3,274,302
LIABILITIES			
Accounts payable and accrued payroll	1,113,596	408,684	1,522,280
Accrued interest payable	740	32,953	33,693
Due to other governments	18,082	-	18,082
Due to bondholders	5,102	-	5,102
Due to employees	13,777	-	13,777
Unearned revenue	(124,442)	-	(124,442)
Deposits subject to refund	-	349,718	349,718
Long-term liabilities:			
Due within one year	181,823	1,068,535	1,250,358
Due in more than one year	9,390,390	3,451,439	12,841,829
Total liabilities	10,599,068	5,311,329	15,910,397
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	1,758,810	141,704	1,900,514
Deferred amounts related to OPEB	453,015	101,650	554,665
Total deferred inflows of resources	2,211,825	243,354	2,455,179
NET POSITION			
Net investment in capital assets	36,142,058	40,490,499	76,632,557
Restricted for:			
Debt service	-	387,477	387,477
Capital projects	5,117,207	124,026	5,241,233
Economic development	2,400,895	-	2,400,895
Other purposes	413,923	3,755,082	4,169,005
Unrestricted (deficit)	(287,834)	15,954,672	15,666,838
Total net position	$ 43,786,249	$ 60,711,756	$ 104,498,005

See accompanying notes to the basic financial statements.

Statement of Activities – For the Fiscal Year Ended June 30, 2020

		Program Revenue			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government							
Governmental activities:							
General government	$ 4,129,902	$ 1,002,557	$ 11,712	$ 23,826	$ (3,091,807)	$ -	$ (3,091,807)
Public safety	10,101,752	1,984,048	1,062,624	430,156	(6,624,924)	-	(6,624,924)
Highways and streets	1,079,382	142,257	-	144,181	(792,944)	-	(792,944)
Culture and recreation	1,651,405	68,648	22,351	2,190	(1,558,216)	-	(1,558,216)
Cemetery	122,891	131,408	-	-	8,517	-	8,517
Community development	179,112	-	-	-	(179,112)	-	(179,112)
Economic development	870,166	97,500	9,917	-	(762,749)	-	(762,749)
Interest on long-term debt	13,966	-	-	-	(13,966)	-	(13,966)
Total governmental activities	18,148,576	3,426,418	1,106,604	600,353	(13,015,201)	-	(13,015,201)
Business-type activities:							
Water	3,685,690	2,589,061	135,619	-	-	(961,010)	(961,010)
Sewer	1,878,735	1,573,389	-	-	-	(305,346)	(305,346)
Sanitation	2,431,691	2,153,763	-	-	-	(277,928)	(277,928)
Lake	94,704	43,918	-	-	-	(50,786)	(50,786)
Airport	440,635	566,287	-	180,621	-	306,273	306,273
Total business-type activities	8,531,455	6,926,418	135,619	180,621	-	(1,288,797)	(1,288,797)
Total primary government	$ 26,680,031	$ 10,352,836	$ 1,242,223	$ 780,974	(13,015,201)	(1,288,797)	(14,303,998)
General revenues:							
Taxes:							
Sales and use taxes					13,112,862	-	13,112,862
Franchise taxes and public service taxes					1,004,555	-	1,004,555
Hotel/Motel taxes					613,942	-	613,942
Unrestricted investment earnings					97,816	165,538	263,354
Miscellaneous					2,127,714	164,202	2,291,916
Transfers					(3,950,936)	3,950,936	-
Total general revenues and transfers					13,005,953	4,280,676	17,286,629
Change in net position					(9,248)	2,991,879	2,982,631
Net position - beginning (restated)					43,795,497	57,719,877	101,515,374
Net position - ending					$ 43,786,249	$ 60,711,756	$ 104,498,005

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

Governmental Funds Balance Sheet – June 30, 2020

	General Fund	EMS Fund	ED-Dedicated Sales Tax Fund	CIP-Dedicated Sales Tax Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 2,079,143	$ 517,100	$ 842,917	$ 3,867,779	$ 592,066	$ 1,539,602	$ 9,438,607
Investments	301,050	-	1,700,000	698,951	500,000	300,000	3,500,001
Accounts receivable	-	379,789	-	-	-	-	379,789
Interest receivable	1,945	-	9,049	4,514	2,662	5,509	23,679
Due from other funds	281,052	59,158	192,826	764,796	1,252	299,576	1,598,660
Due from other governments	1,642,818	-	-	-	110,531	17,830	1,771,179
Taxes receivable, net	40,770	-	-	-	-	78,623	119,393
Court fines receivable, net	43,707	-	-	-	-	-	43,707
Notes receivable, net	-	-	-	-	-	176,928	176,928
Other receivables	3,789	-	-	-	-	16,250	20,039
Inventories	87,327	-	-	-	-	-	87,327
Prepaid expenses	18,438	606	-	-	-	-	19,044
Total assets	$ 4,500,039	956,653	2,744,792	$ 5,336,040	$ 1,206,511	$ 2,434,318	$ 17,178,353
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 141,709	$ 10,866	$ 2,000	$ -	$ 3,694	$ 463,399	$ 621,668
Accrued payroll payable	370,406	69,121	-	-	-		439,527
Due to other funds	2,193,179	1,279,549	-	13,494	130,852	1,327	3,618,401
Due to other governments	5,388	-	-	-	-	-	5,388
Due to depositors	1,850	-	-	-	-	-	1,850
Due to bondholders	3,252	-	-	-	-	-	3,252
Total liabilities	2,715,784	1,359,536	2,000	13,494	134,546	464,726	4,690,086
Deferred inflows of resources:							
Unearned revenue	25,964	210,568	-	-	110,531	190,433	537,496
Fund balances:							
Nonspendable	87,327			-	-	-	87,327
Restricted	18,203	153,390	1,835,790	5,059,368	-	865,274	7,932,025
Assigned	1,652,761	-	907,002	263,178	961,434	913,885	4,698,260
Unassigned (deficit)	-	(766,841)	-	-	-	-	(766,841)
Total fund balances	1,758,291	(613,451)	2,742,792	5,322,546	961,434	1,779,159	11,950,771
Total liabilities, deferred inflows and fund balances	$ 4,500,039	$ 956,653	$ 2,744,792	$ 5,336,040	$ 1,206,511	$ 2,434,318	$ 17,178,353

See accompanying notes to the basic financial statements.

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – For the Fiscal Year Ended June 30, 2020

	General Fund	EMS Fund	ED-Dedicated Sales Tax Fund	CIP-Dedicated Sales Tax Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 13,839,064	$ -	$ -	$ -	$ -	$ 695,286	$ 14,534,350
Intergovernmental	1,076,371	39,013	-	-	-	142,257	1,257,641
Charges for services	244,768	1,202,506	-	-	-	32,873	1,480,147
Fines and forfeitures	240,599	-	-	-	-	-	240,599
Licenses and permits	281,876	-	-	-	-	-	281,876
Investment income	12,046	153	30,792	16,894	10,623	10,144	80,652
Miscellaneous	60,697	725,000	131,756	-	29,683	154,778	1,101,914
Total revenues	15,755,421	1,966,672	162,548	16,894	40,306	1,035,338	18,977,179
EXPENDITURES							
Current:							
General government	1,464,158	-	115,680	-	-	202	1,580,040
Public Safety	7,053,939	1,952,523	-	-	-	69,727	9,076,189
Highway and streets	474,395	-	-	-	-	-	474,395
Culture and recreation	1,254,076	-	-	-	-	-	1,254,076
Cemetery	122,891	-	-	-	-	-	122,891
Community development	150,567	-	-	-	-	-	150,567
Economic development	-	-	-	-	-	571,894	571,894
Capital Outlay	325,696	258,675	213,337	7,489	680,130	266,572	1,751,899
Debt Service:							
Principal	82,818	-	-	-	121,868	121,546	326,232
Interest and other charges	1,596	-	-	-	11,630	2,422	15,648
Total expenditures	10,930,136	2,211,198	329,017	7,489	813,628	1,032,363	15,323,831
Excess (deficiency) of revenues over expenditures	4,825,285	(244,526)	(166,469)	9,405	(773,322)	2,975	3,653,348
OTHER FINANCING SOURCES (USES)							
Transfers in	21,838	-	-	2,725,827	-	-	2,747,665
Transfers out	(6,371,071)	(5,400)	-	(1,149,742)	-	(43,562)	(7,569,775)
Total other financing sources and (uses)	(6,349,233)	(5,400)	-	1,576,085	-	(43,562)	(4,822,110)
Net change in fund balances	(1,523,948)	(249,926)	(166,469)	1,585,490	(773,322)	(40,587)	(1,168,762)
Fund balances - beginning, restated	3,282,239	(363,525)	2,909,261	3,737,056	1,734,756	1,819,746	13,119,533
Fund balances - ending	$ 1,758,291	$ (613,451)	$ 2,742,792	$ 5,322,546	$ 961,434	$ 1,779,159	$ 11,950,771

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	$	11,950,771
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		36,420,360
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:		
Notes receivable		170,928
Court fines receivable		10,234
Deferred outflows are not a use of current financial resources and therefore, are not reported in the fund financial statements, but are included in the governmental activities of the Statement of Net Position:		
Net pension asset		619,640
Pension related deferred outflows		2,902,178
Deferred revenue related to ambulance collections		210,568
Deferred revenue related to grants		254,712
Deferred revenue related to hotel/motel revenue		15,496
Certain long-term liabilities are not due and payable from current resources, and therefore they, along with deferred inflows, are not reported in the funds:		
Net pension liability		(7,931,062)
Pension related deferred inflows		(1,758,810)
Accrued interest payable		(740)
Capital leases payable		(278,302)
Accrued compensated absences		(820,744)
Total OPEB liability		(791,714)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position		2,812,734
Net Position of Governmental Activities in the Statement of Net Position	$	43,786,249

See accompanying notes to the basic financial statements.

Changes in Fund Balance – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	$ (1,168,762)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital asset purchases capitalized	1,590,379
Depreciation expense	(1,840,170)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in deferred revenue	97,148
In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions and pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.	(60,434)
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 long-term debt	326,232
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest payable	1,681
Change in accrued compensated absences	(41,950)
Change in total OPEB liability	(38,311)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported within governmental activities.	1,124,939
Change in Net Position of Governmental Activities	$ (9,248)

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

Proprietary Fund Statement of Net Position – June 30, 2020

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 7,068,993	$ 1,442,861	$ 8,511,854	$ 1,979,196
Investments	6,750,000	1,500,000	8,250,000	800,000
Restricted:				
Restricted cash and cash equivalents	772,968	-	772,968	-
Restricted investments	100,000	-	100,000	-
Due from other funds	2,454,079	-	2,454,079	177,668
Accounts Receivable, net	1,005,173	877	1,006,050	-
Interest receivable	90,469	13,262	103,731	14,693
Other receivable	4,508	-	4,508	-
Receivables from other governments	6,975	186,543	193,518	-
Inventories	60,975	-	60,975	-
Prepaid expenses	5,385	-	5,385	47,953
Total current assets	18,319,525	3,143,543	21,463,068	3,019,510
Non-current assets:				
Net pension asset	189,129	24,127	213,256	-
Capital assets:				
Land and construction in progress	4,390,897	250,410	4,641,307	-
Other capital assets,net of accumulated depreciation	37,124,278	3,139,914	40,264,192	-
Total non-current assets	41,515,175	3,390,324	44,905,499	-
Total assets	60,023,829	6,557,994	66,581,823	3,019,510
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pensions	123,202	15,938	139,140	-
Deferred amount related to OPEB	19,963	9,615	29,578	
Total deferred outflows	143,165	25,553	168,718	-
LIABILITIES				
Current liabilities:				
Accounts payable	277,057	99,749	376,806	52,402
Accrued payroll payable	27,359	4,519	31,878	-
Interest payable	32,953	-	32,953	-
Other payable	-	-	-	13,777
Due to other funds	484,002	100	484,102	127,904
Due to other governments	-	-	-	12,693
Deposits subject to refund	34,972	-	34,972	-
Compensated absences	3,090	445	3,535	-
Note payable	1,065,000	-	1,065,000	-
Total current liabilities	1,924,433	104,813	2,029,246	206,776
Non-current liabilities:				
Deposits subject to refund	314,746	-	314,746	-
Compensated absences	27,801	4,010	31,811	-
Total OPEB liability	59,681	9,947	69,628	-
Note payable	3,350,000	-	3,350,000	-
Total non-current liabilities	3,752,228	13,957	3,766,185	-
Total liabilities	5,676,661	118,770	5,795,431	206,776
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pensions	123,847	17,857	141,704	-
Deferred amount related to OPEB	87,716	13,934	101,650	-
Total deferred inflows	211,563	31,791	243,354	-
NET POSITION				
Net investment in capital assets	37,100,175	3,390,324	40,490,499	-
Restricted for debt service	387,477	-	387,477	-
Restricted for capital projects	124,026	-	124,026	-
Restricted for other purposes	708,698	3,042,662	3,751,360	-
Unrestricted	15,958,394	-	15,958,394	2,812,734
Total net position	$ 54,278,770	$ 6,432,986	$ 60,711,756	$ 2,812,734

See accompanying notes to the basic financial statements.

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position – For the Fiscal Year Ended June 30, 2020

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
OPERATING REVENUES				
Water revenue	$ 2,449,500	$ -	$ 2,449,500	$ -
Sewer revenue	1,562,689	-	1,562,689	-
Sanitation revenue	2,115,708	-	2,115,708	-
Penalties and fees	121,649	-	121,649	-
User resource fees	23,275	-	23,275	-
Lake revenue	43,918	-	43,918	-
Airport revenue	-	566,287	566,287	-
Miscellaneous	43,392	-	43,392	2,209,245
Charges for services	-	-	-	1,378,799
Total Operating Revenues	6,360,131	566,287	6,926,418	3,588,044
OPERATING EXPENSES				
Administration	579,692	-	579,692	-
Water	2,274,031	-	2,274,031	-
Sewer	841,081	-	841,081	-
Sanitation	2,035,947	-	2,035,947	-
Lake	64,363	-	64,363	-
Building maintenance	530,527	-	530,527	-
Airport	-	232,479	232,479	-
Depreciation	1,654,639	208,156	1,862,795	-
Insurance, compensated absences, personnel expense	-	-	-	2,480,269
Total Operating Expenses	7,980,280	440,635	8,420,915	2,480,269
Operating income (loss)	(1,620,149)	125,652	(1,494,497)	1,107,775
NON-OPERATING REVENUES (EXPENSES)				
Investment income	138,448	27,090	165,538	17,164
Interest expense	(110,540)	-	(110,540)	-
Gain on disposal of capital assets	38,100	-	38,100	-
Grant revenue	135,619	180,621	316,240	-
Miscellaneous revenue	126,102	-	126,102	-
Total non-operating revenue (expenses)	327,729	207,711	535,440	17,164
Income (loss) before contributions and transfers	(1,292,420)	333,363	(959,057)	1,124,939
Contributed capital	21,475	-	21,475	-
Transfers in	4,389,921	-	4,389,921	-
Transfers out	(429,682)	(30,778)	(460,460)	-
Change in net position	2,689,294	302,585	2,991,879	1,124,939
Total net position - beginning, restated	51,589,476	6,130,401	57,719,877	1,687,795
Total net position - ending	$ 54,278,770	$ 6,432,986	$ 60,711,756	$ 2,812,734

See accompanying notes to the basic financial statements.

Proprietary Fund Statement of Cash Flows – Year Ended June 30, 2020

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 6,237,771	$ 670,727	$ 6,908,498	$ 3,595,576
Payments to suppliers	(5,888,638)	(81,661)	(5,970,299)	(2,575,929)
Payments to employees	(833,338)	(88,273)	(921,611)	-
Interfund receipts (payments)	(444,609)	93,652	(350,957)	(16,888)
Receipts of customer meter deposits	82,150	-	82,150	-
Refunds of customer meter deposits	(66,837)	-	(66,837)	-
Other receipts	261,721	180,621	442,342	-
Net cash provided by (used in) operating activities	(651,780)	775,066	123,286	1,002,759
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	4,389,921	-	4,389,921	-
Transfers to other funds	(429,682)	(30,778)	(460,460)	-
Net cash provided by (used in) noncapital financing activities	3,960,239	(30,778)	3,929,461	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(819,852)	(161,191)	(981,043)	-
Principal paid on debt	(1,073,868)	-	(1,073,868)	-
Interest and fiscal agent fees paid on debt	(118,769)	-	(118,769)	-
Net cash provided by (used in) capital and related financing activities	(2,012,489)	(161,191)	(2,173,680)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	176,242	33,375	209,617	18,849
Net cash provided by investing activities	176,242	33,375	209,617	18,849
Net increase in cash and cash equivalents	1,472,212	616,472	2,088,684	1,021,608
Balances - beginning of year	6,369,749	826,389	7,196,138	957,588
Balances - end of year	$ 7,841,961	$ 1,442,861	$ 9,284,822	$ 1,979,196
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	$ 7,068,993	$ 1,442,861	$ 8,511,854	$ 1,979,196
Restricted cash and cash equivalents - current	772,968	-	772,968	-
Total cash and cash equivalents, end of year	$ 7,841,961	$ 1,442,861	$ 9,284,822	$ 1,979,196
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (1,620,149)	$ 125,652	$ (1,494,497)	$ 1,107,775
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	1,654,639	208,156	1,862,795	-
Grant revenue	135,619	180,621	316,240	-
Miscellaneous revenue	126,102	-	126,102	-
Change in assets and liabilities:				
Accounts receivable	(115,385)	8,401	(106,984)	-
Other receivable	(7,016)	98,513	91,497	7,532
Due from other funds	(643,482)	97,331	(546,151)	10,387
Prepaid expense	(5,108)	-	(5,108)	(47,953)
Inventory	8,323	-	8,323	-
Net pension asset	26,882	588	27,470	3,272
Due to other funds	198,873	(3,679)	195,194	(27,275)
Due to other governments	-	-	-	(129)
Accounts payable	(393,485)	58,389	(335,096)	(50,850)
Accrued payroll payable	62	2,499	2,561	-
Deposits subject to refund	15,313	-	15,313	-
Accrued compensated absences	(423)	303	(120)	-
Payroll deferrals	15,585	(3,361)	12,224	-
Total OPEB liability	(48,130)	1,653	(46,477)	-
Net cash provided by (used in) operating activities	$ (651,780)	$ 775,066	$ 123,286	$ 1,002,759

See accompanying notes to the basic financial statements.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Financial Reporting Entity

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

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

- **The City of Chickasha Municipal Authority** – that operates the water, wastewater, and sanitation activities of the City

- **The Chickasha Municipal Airport Authority** – that operates the airport activities of the City

- **The Chickasha Industrial Authority** – that promotes and encourages the general economic and social development within the City

The City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity,* as amended by Statement 61, and includes all component units for which the City is financially accountable.

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

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The Statements of Net Position and Activities are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

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

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

Governmental Funds:

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

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

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

Proprietary Funds:

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

The City's governmental funds are comprised of the following:

Major Funds:

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

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

Special Revenue Funds:

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

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

Capital Project Fund:

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

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

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

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

Proprietary Funds:

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

Enterprise Funds:

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

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

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

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

3. Cash, Cash Equivalents, and Investments

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

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

At June 30, 2020, the primary government held the following deposits and investments:

Type	Maturities	Credit Rating	Fair Value Hierarchy	Carrying Value
Primary Government				
Deposits:				
Demand deposits				$ 20,167,629
Time deposit - certificate of deposit	7/2/2020			8,200,000
Time deposit - certificate of deposit	8/6/2020			4,200,000
Time deposit - certificate of deposit	02/252021			250,000
Trustee accounts - BOK - Short-Term Cash Fund I		AAA	N/A	511,503
OMAG escrow				23,494
				$ 33,352,626
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				$ 20,702,625
Investments				12,650,001
				$ 33,352,626

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2020, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk

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

At June 30, 2020, the City's investments with maturity dates were limited to time deposits that were not exposed to interest rate risk.

Investment Credit Risk

The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and (5) government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of June 30, 2020, the City was not exposed to investment credit risk as defined above.

Concentration of Investment Credit Risk

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

At June 30, 2020, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund Statement of Net Position are comprised of amounts restricted for meter deposits, debt service, debt reserve, construction purposes, and deposits held by insurance pool. The restricted assets as of June 30, 2020 are as follows:

	Current	
Type of Restricted Assets	Cash and cash equivalents	Investments
Utility Deposits	$ 249,718	$ 100,000
2014 Note Principal Account	353,678	-
2014 Note Interest Account	33,799	-
2014 Note Construction Account	124,026	-
Deposits with Insurance Pool	11,747	-
Total Proprietary Fund	$ 772,968	$ 100,000

3. Accounts Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance fees	$ 3,762,254	$ (3,382,465)	$ 379,789
Business-Type Activities:			
Utilities	1,038,183	(32,133)	1,006,050
Total Accounts Receivable	$ 4,800,437	$ (3,414,598)	$ 1,385,839

4. Capital Assets and Depreciation

Capital Assets:

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

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

	Balance at July 01, 2019	Additions	Disposals	Balance at June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,964,595	$ -	$ -	$ 1,964,595
Construction in progress	295,990	857,692	967,019	186,663
Total capital assets not being depreciated	2,260,585	857,692	967,019	2,151,258
Other capital assets:				
Buildings	10,032,950	30,800		10,063,750
Improvements	4,563,140	174,838	29,900	4,708,078
Infrastructure	54,173,139	967,063	-	55,140,202
Machinery and equipment	5,205,454	640,035		5,845,489
Vehicles	6,981,100	-	361,633	6,619,467
Total other capital assets at historical cost	80,955,783	1,812,736	391,533	82,376,986
Less accumulated depreciation for:				
Buildings	3,991,463	238,247		4,229,710
Improvements	1,894,405	168,742	18,937	2,044,210
Infrastructure	31,584,991	709,105	-	32,294,096
Machinery and equipment	3,586,946	365,881		3,952,827
Vehicles	5,488,412	358,195	259,566	5,587,041
Total accumulated depreciation	46,546,217	1,840,170	278,503	48,107,884
Other capital assets, net	34,409,566	(27,434)	113,030	34,269,102
Governmental activities capital assets, net	$ 36,670,151	$ 830,258	$ 1,080,049	$ 36,420,360

	Balance at July 01, 2019	Additions	Disposals	Balance at June 30, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 3,627,186	$ 178,212	$ -	$ 3,805,398
Construction in progress	528,117	848,907	541,115	835,909
Total capital assets not being depreciated	4,155,303	1,027,119	541,115	4,641,307
Other capital assets:				
Buildings	24,720,604	-	-	24,720,604
Improvements	2,151,347	-	-	2,151,347
Infrastructure	11,666,220	444,290	-	12,110,510
Machinery and equipment	4,491,604	110,325	-	4,601,929
Vehicles	1,099,846	-	-	1,099,846
Utility property improvements	78,251,764	-	-	78,251,764
Total other capital assets at historical cost	122,381,385	554,615	-	122,936,000
Less accumulated depreciation for:				
Buildings	18,750,732	434,093	-	19,184,825
Improvements	1,175,279	99,300	-	1,274,579
Infrastructure	6,739,085	146,129	-	6,885,214
Machinery and equipment	1,810,697	248,243	-	2,058,940
Vehicles	909,406	53,282	-	962,688
Utility property improvements	51,423,813	881,749	-	52,305,562
Total accumulated depreciation	80,809,012	1,862,796	-	82,671,808
Other capital assets, net	41,572,373	(1,308,181)	-	40,264,192
Business-type activities capital assets, net	$ 45,727,676	$ (281,062)	$ 541,115	$ 44,905,499

Depreciation:

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

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

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:		Business-Type Activities:	
General government	$ 83,864	Water	$ 898,108
Public safety	728,006	Sewer	708,628
Highways and streets	601,322	Sanitation	17,601
Culture and recreation	390,303	Lake	30,303
Community development	36,675	Airport	208,156
	$ 1,840,170		$ 1,862,796

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Capital lease obligations	$ 604,534	$ -	$ 326,232	$ 278,302	$ 99,748
Accrued compensated absences	778,792	41,952	-	820,744	82,075
Total Governmental Activities	$ 1,383,326	$ 41,952	$ 326,232	$ 1,099,046	$ 181,823
Plus:					
Net pension liability				7,931,062	
Total OPEB liability				542,105	
				$ 9,572,213	
Business-Type Activities:					
Notes payable- direct borrowing	$ 5,450,000	$ -	$ 1,035,000	$ 4,415,000	$ 1,065,000
Capital lease payable	38,868	-	38,868	-	-
Accrued compensated absences	35,466		120	35,346	3,535
Total Business-Type Activities	$ 5,524,334	$ -	$ 1,073,988	4,450,346	$ 1,068,535
Plus:					
Total OPEB liability				69,628	
				$ 4,519,974	

Governmental activities long-term debt:

Capital lease obligation to Welch State Bank for a pumper, original amount of $401,779, payable in semi annual installments of $23,577, interest rate at 3.39%, final payment due May 15, 2023.	$ 133,239
Capital lease obligation to First National Bank for a rescue squad truck, original amount of $380,316, payable in monthly installments of $5,029, interest rate at 3%, final payment due December 15, 2022.	145,063
Total Capital Lease Obligations	$ 278,302

Current portion	$ 99,748
Noncurrent portion	178,554
Total Capital Lease Obligations	$ 278,302

Current portion	$ 82,075
Noncurrent portion	738,669
Total Accrued Compensated Absences	$ 820,744

Current portion	$	-
Noncurrent portion		7,931,062
Total Net Pension Liability	$	7,931,062

Current portion	$	-
Noncurrent portion		542,105
Total OPEB Liability	$	542,105

Business-type activities long-term debt:

2014 Sales Tax Revenue Note to Bank of Oklahoma, dated March 10, 2014, original amount $9,875,000 with interest rate of 2.27% due in semi-annual installments, secured with a 3/4 cent pledged sales tax, with final payment due March 1, 2024. Proceed will be used for water and sewer improvements. In the event of default on the note, the lender may: 1) file suit to require any or all of the borrower covenants to be performed: 2) requirement for sales and use tax to be deposited directly with the bank; 3) accelerate the payment of principal and interest accrued on the note: or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the Note Indenture or Sales Tax Agreement.	$	4,415,000
Total Notes Payable - Direct borrowings	$	4,415,000

Current portion	$	1,065,000
Noncurrent portion		3,350,000
Total Notes Payable - Direct Borrowings	$	4,415,000

Current portion	$	3,535
Noncurrent portion		31,811
Total Accrued Compensated Absences	$	35,346

Current portion	$	-
Noncurrent portion		69,628
Total OPEB Liability	$	69,628

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

	Governmental Activities	
Year Ending June 30,	Capital Lease Obligations	
	Principal	Interest
2021	$ 99,748	$ 7,753
2022	102,948	4,553
2023	75,606	1,440
Totals	$ 278,302	$ 13,746

	Business-Type Activities	
Year Ending June 30,	Note Payable- Direct borrowings	
	Principal	Interest
2021	$ 1,065,000	$ 94,205
2022	1,090,000	69,916
2023	1,115,000	45,003
2024	1,145,000	19,522
Totals	$ 4,415,000	$ 228,646

Capital assets acquired through capital leases are as follows:

Date	Capital Asset	Amount	Accumulated Depreciation
Vehicles:			
1/15/2013	E-One Pumper	401,779	251,112
12/15/2015	Rescue Squad Truck	380,316	174,312
		$ 782,095	$ 425,424

6. Fund Balances and Net Position

Fund Balances:

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

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

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City has established a policy to maintain an unassigned fund balance in the General Fund ranging from 15% - 40% of General Fund expenditures.

Net Position:

Net Position is displayed in three components:

a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

b. *Restricted Net Position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. *Unrestricted Net Position* - All other net position that does not meet the definition of "restricted."

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

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

	General Fund	EMS Fund	ED-Dedicated Sales Tax Fund	CIP-Dedicated Sales Tax Fund	Capital Poject Fund	Other Governmental Funds	Total
Fund Balance:							
Nonspendable	$ 87,327	$ -	$ -	$ -	$ -	$ -	$ 87,327
Sub-total Nonspendable	87,327	-	-	-	-	-	87,327
Restricted For:							
Economic Development	-	-	1,835,790	-	-	565,105	$ 2,400,895
Police	6,456		-	-	-	-	6,456
EMS	-	153,390	-	-	-	-	153,390
Streets	-	-	-	-	-	31,039	31,039
Capital Projects	-	-	-	5,059,368	-	57,839	5,117,207
Other Purposes	11,747	-	-	-	-	211,291	223,038
Sub-total Restricted	18,203	153,390	1,835,790	5,059,368	-	865,274	7,932,025
Assigned To:							
Fire/EMS	1,567	-	-	-	-	-	1,567
Police	46,066	-	-	-	-	-	46,066
Police Bonds	318,595	-	-	-	-	-	318,595
Streets	-	-	-	-	-	149,825	149,825
Economic Development	-	-	907,002	-	-	127,020	1,034,022
Capital Projects	-	-	-	263,178	961,434	610,380	1,834,992
Other Purposes	-	-	-	-	-	26,660	26,660
Subsequent year's budget	1,286,533	-	-	-	-	-	1,286,533
Sub-total Assigned	1,652,761	-	907,002	263,178	961,434	913,885	4,698,260
Unassigned	-	(766,841)	-	-	-	-	(766,841)
Total Fund Balance	$ 1,758,291	$ (613,451)	$ 2,742,792	$ 5,322,546	$ 961,434	$ 1,779,159	$ 11,950,771

At June 30, 2020, the EMS Fund had a fund balance deficit in the amount of $613,451 due to a lower valuation of collectible accounts receivable.

Enterprise Funds:

Net investment in capital assets	$ 40,490,499
Restricted for Debt Service	387,477
Restricted for Capital Projects	124,026
Restricted for Other Purposes	3,751,360
Total Enterprise Fund Restrictions	$ 44,753,362

For the year ended June 30, 2020 the City restated net position/fund balance as follows:

	Governmental Fund	Proprietary Fund	Government-Wide	
	General Fund	CMA	Governmental Activities	Business-Type Activities
Beginning net position/fund balances, as previously reported	$ 3,234,193	$ 51,520,178	$ 43,747,451	$ 57,650,579
Overstatement (Understatement) of inventories	48,046	69,298	48,046	69,298
Beginning net position/fund balances, restated	$ 3,282,239	$ 51,589,476	$ 43,795,497	$ 57,719,877

7. Sales Tax Revenue

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

- 3 cents are recorded in the General Fund for operations, with 1 cent being transferred to the Chickasha Municipal Authority
- ¾ cent is recorded in the CIP-Dedicated Sales Tax Fund and is restricted by voters for the repair, replacement or improvement of streets and drainage and can be used to secure related debt service payments. This amount has been allocated to the CMA to secure debt service payments on the $9,875,000 2014 Sales Tax Revenue Note

8. Tax Increment Financing District

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

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

As of June 30, 2020, the City had collected sales tax and ad valorem tax related to the TIF District totaling $1,633,212 and made payments to developers totaling $1,432,464.

9. Property Tax Levy

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

10. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2020, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
E911 Fund	CMA	21,724	Debt service payments
CIA	General Fund	21,838	Hotel/Motel tax
General Fund	CMA	3,218,455	Sales tax
General Fund	CIP Dedicated Sales Tax Fund	2,725,827	Sales tax
Dedicated Sales Tax Fund	CMA	1,149,742	Debt service payments
Total		$ 7,137,586	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Internal Transfers	Net Transfers
Governmental Funds	$ 2,747,665	$ (7,569,775)	$ 685,747	$ (4,136,363)
Proprietary Funds	4,389,921	(460,460)	-	3,929,461
	$ 7,137,586	$ (8,030,235)	$ 685,747	$ (206,902)

Reconciliation to Statement of Activities:

Net transfers-governmental activities	$ (4,136,363)
Transfer capital assets from business-type activities to governmental activities	206,902
Transfer capital asset from governmental activities to business-type activities	(21,475)
Transfers- internal activity	(3,950,936)

Balances:

Interfund balances between funds and activities at June 30, 2020, were as follows:

Due From	Due To	Amount	Nature of Balance
General Fund	CIA	$ 5,018	Hotel/motel tax
General Fund	ED-Ded Sales Tax Fund	13,494	Word Industries Judgement garnishments
General Fund	CIP-Ded Sales Tax Fund	764,796	Sales tax
General Fund	CMA	1,173,728	Sales tax
General Fund	CMA	50	Deposit errors
EMS Fund	CMA	1,151,657	EMS revenues
Capital Improvement	CMA	128,644	FEMA-OEM
CMA	EMS Fund	19,393	Deposit errors
EMS Fund	General Fund	3,804	Correction of errors
CMA	General Fund	219,162	Operational expenses
CIP-Ded Sales Tax Fund	General Fund	13,494	Transfer error
E911	General Fund	75	Deposit errors
Combined Insurance Fund	General Fund	43,011	Correction of errors
General Fund	TIF Fund	159,507	Sales tax and ad valorem tax
General Fund	E911	4,494	Deposit errors
General Fund	Cemetery Care	3,710	Deposit errors
General Fund	EMS Fund	39,765	Payroll expenses
EMS Fund	ED-Ded Sales Tax Fund	1,088	Deposit errors
CMA	CIA	52,802	Operating expense
Combined Insurance Fund	CIA	24,523	Insurance
CMA	CIA	178,212	Word Industries Land Judgement Settlement
Combined Insurance Fund	CMA	49,522	Deposit errors
E911	Capital Project Fund	1,252	Deposit errors
Combined Insurance Fund	Police Training Fund	950	Deposit errors
CMA	Police Training Fund	202	Deposit errors
CMA	ED-Ded Sales Tax Fund	32	Deposit errors
CMA	General Fund	354	Deposit errors
Total		$ 4,052,739	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Interal Service Balances	Net Internal Balances
Governmental Funds	$ 1,598,660	$ (3,618,401)	$ 49,764	$ (1,969,977)
Proprietary Funds	2,454,079	(484,102)	-	1,969,977
	4,052,739	(4,102,503)	49,764	-

The interfund loan between the CMA and the EMS Fund in the amount of $1,151,657 is not expected to be paid within the next twelve months.

11. Risk Management

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

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

12. Pension Plan Participation

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

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

Summary of Significant Accounting Policy

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

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows and OPEB expense for the single employer other postemployment benefit plan the measurement has been prepared in accordance with GASB Statement No. 75.

OFPRS:

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

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

Normal Retirement:

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

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were $344,930. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of $568,054 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $763,334. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of $7,931,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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. Based upon this information, the City's proportion was 0.75057%.

For the year ended June 30, 2020, the City recognized pension expense of $1,240,688. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,328,053	$ 161,321
Changes of assumptions	-	203,744
Net difference between projected and actual earnings on pension plan investments	-	574,117
Changes in proportion	306,628	290,759
City contributions during measurement date	-	4,689
City contributions subsequent to the measurement date	344,930	-
Total	$ 1,979,611	$ 1,234,630

In the year ending June 30, 2020, $344,930 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	217,044
2022	(22,916)
2023	192,619
2024	48,036
2025	(34,732)
	$ 400,051

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

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

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

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

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

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

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 10,241,231	$ 7,931,062	$ 5,394,269

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

OPPRS:

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

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were $202,010. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of $186,956 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $165,356. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension– At June 30, 2020, the City reported an asset of $26,685 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 0.418000%.

For the year ended June 30, 2020, the City recognized pension expense of $328,162. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,014	$ 125,992
Changes of assumptions	68,138	-
Net difference between projected and actual earnings on pension plan investments	243,850	
Changes in proportion	24,586	2,282
City contributions during measurement date	418	1,679
City contributions subsequent to the measurement date	202,010	-
Total	$ 555,016	$ 129,953

In the year ending June 30, 2020, $202,010 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$	125,038
2022		(32,398)
2023		41,323
2024		83,480
2025		5,610
	$	223,053

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

Inflation: 2.75%

Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7 5% net of pension plan investment expense

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

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

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

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

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

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

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; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability (Asset)	$ 1,136,775	$ (26,685)	$ (1,010,406)

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

OkMRF Defined Benefit Plan:

Plan Description - The City contributes to the City of Chickasha Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website at www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

Provision	OkMRF Plan
a. Eligible to Participate	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Contribution to Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	9.46% of covered payroll
- Employee Rate	4.0% of covered payroll
c. Period Required to Vest	10 or more years
d. Eligibility for Distribution	- Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service - Disability retirement upon disability with 10 years of service - 50% death benefit with 10 years of service for married employees
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	Accrued benefit paid immediately
- Early Retirement	Accrued benefit starting at normal retirement age, or reduced 5% per year for commencement prior to normal retirement age
- Disability Retirement	Accrued benefit payable upon disablement without reduction for early payment
- Death Benefit	50% of employee's accrued benefit, but terminates upon spouse re-marriage
- Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 120 month certain and life thereafter basis

Employees Covered by Benefit Terms

Active Employees	47
Deferred Vested Former Employees	3
Disabled Participants	6
Retirees or Retiree Beneficiaries	39
Total	95

Contribution Requirements – The City Council has the authority to set an amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 9.15% of covered payroll as of July 1, 2019. For the year ended June 30, 2020, the City recognized $158,286 of employer contributions to the plan, which is the same as the actuarially determined amount based on current payroll of $2,104,870.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2019
a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies based on age
d. Post Retirement Cost-Of-Living Increase	Benefits in payment status are adjusted each July 1st based on the percentage change in the CPI. The maximum increase or decrease in any year is 2.75%
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994 with projected mortality improvement
g. Percent of Married Employees	100%
h. Spouse Age Difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of Last Experience Study	September 2012 for fiscal years 2007-2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.5% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2019 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	2.75%
		Long-term expected return	7.50%

Changes in Net Pension Liability (Asset) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2019 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2019 and the City's report ending June 30, 2020, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	$ 16,064,763	$ 16,989,975	$ (925,212)
Changes for the Year:			
Service cost	247,539		247,539
Interest expense	1,167,997		1,167,997
Experience losses (gains)	(381,496)		(381,496)
(amortized over avg remain svc period of actives & inactives			
Assumption changes	441,672		441,672
Contributions - Employer		179,914	(179,914)
Contributions - Employee		78,651	(78,651)
Net investment income		1,132,636	(1,132,636)
Benefits paid, including refunds of employee contributions	(1,001,049)	(1,001,049)	-
Benefit changes due to plan amendments	-		-
Plan administrative expenses		(34,490)	34,490
Net Changes	474,663	355,662	119,001
Balances End of Year	$ 16,539,426	$ 17,345,637	$ (806,211)

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability (Asset)	$ 954,195	$ (806,211)	$ (2,299,522)

The City reported $119,572 in pension expense for the year ended June 30, 2020. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 525,457
Changes of assumptions	321,420	-
Net difference between projected and actual earnings on pension plan investments	16,513	-
Changes in proportion	5,712	5,710
City contributions during measurement date	4,761	4,763
City contributions subsequent to the measuremnt date	158,286	-
Total	$ 506,692	$ 535,930

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

2021	(91,423)
2022	(147,618)
2023	28,917
2024	22,600
	$ (187,524)

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

OkMRF Defined Contribution City Manager Plan:

Effective May 1, 2018, the City has also provided a defined contribution plan and trust known as the City of Chickasha Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF) for the City Manager. The City Manager is eligible to contribute to the Plan upon hire and is required to contribute 8% of annual covered salary. Additional voluntary after-tax contributions are also allowed. Employer contributions vary by year and are determined by the City. The City Manager is 100% vested immediately. Employer contributions to the Plan for FY 2019-2020 were $20,300.

13. Other Post-Employment Benefits

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

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

Employees covered by benefit terms –

Active Employees	113
Inactives or beneficiaries currently receiving benefit payments	2
Total	115

Total OPEB Liability – The City's total OPEB liability of $611,733 was determined based on an alternative measurement method valuation performed as of June 30, 2019.

Actuarial Assumptions - The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Discount Rate – 3.50% based on June 30, 2019 published Bond Buyer 20-Bond General Obligation Index Rate
- Retirement Age – Civilian – 55 with 10 years of service, Police and Fire – 20 years of service; Effective 7/1/2020 Firefighters are no longer eligible for this retiree medical plan.
- Healthcare cost trend rates - graded from 6.02% in 2019 to 4.87% in 2060
- Mortality Rates – RP2000 fully projected with scale AA

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

	Total OPEB Liability
Balance at Beginning of Year	$ 962,007
Changes for the Year:	
Service cost	80,660
Interest expense	37,230
Change in benefit terms	-
Difference between expected and actual experience	(94,627)
Change in assumptions	(342,711)
Expected net benefit payments	(30,826)
Net Changes	(350,274)
Balances End of Year	$ 611,733

OPEB Liabilities, OPEB Expense, 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 $73,824. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 178,443
Changes of assumptions	151,216	330,821
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	43,474	43,476
City contributions during measurement date	1,926	1,925
City contributions subsequent to the measuremnt date	36,368	-
Total	$ 232,984	$ 554,665

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

2021	(44,066)
2022	(44,066)
2023	(44,066)
2024	(44,066)
2025	(44,066)
Thereafter	(137,719)
	$ (358,049)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the employer calculated using the discount rate of 3.50%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	$ 713,238	$ 611,733	$ 529,841

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.02% decreasing to 3.87%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (6.02% decreasing to 4.87%) or 1-percentage-point higher (7.02% decreasing to 5.87%) than the current rate:

	1% Decrease 5.02% Grading to 3.87%	Healthcare Cost Trend Rates 6.02 Grading to 4.87%	1% Decrease 7.02% Grading to 5.87%
Total OPEB Liability	$ 530,509	$ 611,733	$ 710,115

14. Commitments and Contingencies

Litigation:

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

Federal and State Award Programs:

The City of Chickasha participates in various federal or state grant/loan programs from year to year. In 2020, the City's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

15. Note Receivable

The Chickasha Industrial Authority Fund executed a $150,000 note receivable in December 2016 to Wesnidge & Company, LLC (Wesnidge) at a three percent (3%) interest rate. During FY 2017-2018 Wesnidge defaulted on this note and the original note was modified in November of 2018. A new promissory note was executed at that time. The new promissory note is in the amount of $161,650 at a six percent (6%) rate. The agreement stated that Wesnidge would make a monthly interest-only payment of $808 beginning in November of 2018 through November of 2020, then seventy-two equal monthly installments of $2,679 through October of 2025. During FY 18-19, Wesnidge made 8 interest payments totaling $6,467.

During FY19-20, Wesnidge defaulted on the promissory note of 2018. A new promissory note was executed on June 9, 2020 for the sum total of $176,927.31. The new promissory note is in the amount of $161,649.62 in principal with an eleven percent (11%) rate, $12,463.42 in interest, $1,058.88 in late payment fees, $262.14 in court costs and $1,493.25 in attorney fees. Wesnidge is to pay an initial lump sum payment of $6,000 before June 30, 2020. Monthly payments of $1,500 are to be paid from July 2020 to January 2021. Beginning in February 2021, monthly payments of $3,000 are to be paid until the note is paid in full.

16. Judgment Receivable

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

As of Oct 8, 2019, Word owed the sum of $253,129.91 in principal and $49,541.71 in accrued interest for a total of $302,671.62 plus interest accruing from after October 8, 2019 at the rate of $49.2197 per day (7.00%) until paid in full. In December 2019 a judgement settlement agreement was executed. Word Industries conveyed the surface rights only on Lots 1, 2, 3, 4, 5, 9 and 32 of the Apache Coves Subdivision to Chickasha Municipal Authority. The estimated value of the land is $178,213 based upon subsequent sale of the property in FY21.

17. Asset Retirement Obligation

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

18. Tax Abatement

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan. Due to the confidentiality laws in Oklahoma Statutes, Title 68, Section 1354.1, the amount of sales taxes rebated will not be disclosed. The following developer had a rebate agreement with the City as of June 30, 2020:

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

19. Hotel Sale Tax Rebate Agreement

On April 6, 2020 the Chickasha Industrial Authority entered into a Hotel Tax Rebate Agreement with several of the local hotel chains within the city for the negativel impact by the federal and state travel restrictions issued in an attempt to slow the spread of the COVID-19 virus. The City agreed to give the hotel owner a fifty percent (50%) rebate of actual Hotel tax funds remitted to the City of Chickasha for hotel taxes generated by the Hotel for a three-month term from April 1, 2020 and ending June 30, 2020. The City of Chickasha will retain the full ten percent (10%) administrative retainage fee for administrative support. On June 30, 2020, the total hotel tax rebate payable balance is $22,168.

20. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

21. Related Party Transactions

A board member is part owner of a local insurance agency. For the fiscal year ended June 30, 2020, the City's payments to the insurance agency were $10,350.

22. Subsequent Event

As part of a reconciliation at the TIF expiration date of November 2020, it was discovered the County Treasurer had overpaid the City for TIF ad valorem revenues from 2015-2020. The amount of the overpayment is $333,030.25.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2020

	General Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	$ 4,608,999	$ 3,123,286	$ 2,916,600	$ (206,686)
Resources (Inflows):				
Taxes	14,980,000	14,991,000	13,839,064	(1,151,936)
Intergovernmental	22,717	70,405	321,361	250,956
Charges for services	331,804	320,804	244,768	(76,036)
Licenses and Permits	175,400	175,400	281,876	106,476
Investment Income	10,900	10,900	11,680	780
Miscellaneous	110,000	110,000	60,148	(49,852)
Other Financing Sources - Transfers In	255,000	255,000	214,872	(40,128)
Total Resources	15,885,821	15,933,509	14,973,769	(959,740)
Amount available for appropriation	20,494,820	19,056,795	17,890,369	(1,166,426)
Charges to Appropriations (Outflows):				
Departmental:				
General government	2,194,228	2,403,432	1,482,718	920,714
Public Safety	7,547,464	7,469,819	6,622,763	847,056
Highways and streets	858,331	654,274	474,395	179,879
Culture and recreation	1,231,511	1,359,199	1,273,901	85,298
Cemetery	-	137,300	122,891	14,409
Community development	342,906	198,104	150,567	47,537
Other Financing Uses - Transfers Out	6,834,667	6,951,317	6,371,071	580,246
Total Charges to Appropriations	19,009,107	19,173,445	16,498,306	2,675,139
Ending Budgetary Fund Balance	$ 1,485,713	$ (116,650)	$ 1,392,063	$ 1,508,713
Reconciliation to Statement of Revenues, Expenditures, and Change in Fund Balance:				
Fire/EMS Training Account Balance			1,567	
Police Training Account Balance			46,066	
Police Bond Account Balance			318,595	
Total General Fund - Fund Balance			$ 1,758,291	

Budgetary Comparison Schedule (Budgetary Basis) – EMS Fund – Year Ended June 30, 2020

	EMS Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	$ 425,074	$ 425,074	$ (363,525)	$ (788,599)
Resources (Inflows)				
Intergovernmental	-		39,013	39,013
Charges for services	1,027,000	1,027,000	1,202,506	175,506
Investment Income	100	100	153	53
Miscellaneous	847,500	1,078,650	725,000	(353,650)
Transfers from Other Funds	-	-	-	-
Total Resources	1,874,600	2,105,750	1,966,672	(139,078)
Amounts Available for Appropriation	2,299,674	2,530,824	1,603,147	(927,677)
Charges to Appropriations (Outflows)				
Public Safety	2,294,274	2,525,424	2,211,198	314,226
Other Financing Uses - Transfers Out	5,400	5,400	5,400	-
Total Charges to Appropriations	2,299,674	2,530,824	2,216,598	314,226
Fund balances - ending	$ -	$ -	$ (613,451)	$ (613,451)

Budgetary Comparison Schedule (Budgetary Basis) – ED Dedicated Sales Tax Fund – Year Ended June 30, 2020

	ED-Dedicated Sales Tax Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	$ 2,911,950	$ 2,880,000	2,909,261	$ 29,261
Resources (Inflows)				
Investment Income	20,000	20,000	30,792	10,792
Miscellaneous	-	-	131,756	131,756
Total Resources	20,000	20,000	162,548	142,548
Amounts Available for Appropriation	2,931,950	2,900,000	3,071,809	171,809
Charges to Appropriations (Outflows)				
Economic Development	2,900,000	2,900,000	329,017	2,570,983
Total Charges to Appropriations	2,900,000	2,900,000	329,017	2,570,983
Fund balances - ending	$ 31,950	$ -	$ 2,742,792	$ 2,742,792

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are prepared on the modified accrual basis of accounting with the exception of payroll accruals and certain expenditures related to on-behalf payments for police and fire and sales tax revenue transfers. For budgetary purposes, expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.

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

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

	2018	2019	2020
City's proportion of the net pension liability	0.7764375%	0.761850%	0.750574%
City's proportionate share of the net pension liability	$ 9,765,433	$8,575,742	$7,931,062
City's covered payroll	$ 2,183,725	$ 2,257,115	$ 2,321,087
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	447%	380%	342%
Plan fiduciary net position as a percentage of the total pension liability	66.61%	70.73%	72.85%

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

Notes to Schedule:

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

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

	2018	2019	2020
Statutorially required contribution	$ 316,319	$ 324,952	$ 344,930
Contributions in relation to the statutorially required contribution	316,319	324,952	344,930
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered payroll	$ 2,257,115	$ 2,321,087	$ 2,463,783
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%

Notes to Schedule:

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

Schedules of Required Supplementary Information

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

	2018	2019	2020
City's proportion of the net pension liability (asset)	0.4457556%	0.4590188%	0.4180000%
City's proportionate share of the net pension liability (asset)	$ 34,288	$ (218,654)	$ (26,685)
City's covered payroll	$1,383,980	$1,403,775	$1,359,290
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2%	(15.6%)	(2.0%)
Plan fiduciary net position as a percentage of the total pension liability	99.68%	101.81%	100.24%

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

Notes to Schedule:

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

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

	2018	2019	2020
Statutorially required contribution	$ 182,018	$ 176,708	$ 202,010
Contributions in relation to the statutorially required contribution	182,018	176,708	202,010
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered payroll	$1,403,775	$1,359,290	$1,555,737
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%

Notes to Schedule:

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

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios — **Last Fiscal Year**

	2018	2019	2020
Total pension liability			
Service cost	$ 361,557	$ 272,004	$ 247,539
Interest	1,192,984	1,174,298	1,167,997
Differences between expected and actual experience	(363,565)	(458,510)	(381,496)
Changes of assumptions	56,477	-	441,672
Benefit payments, including refunds of member contributions	(983,514)	(1,140,057)	(1,001,049)
Benefit changes due to plan amendments	77,172	-	-
Net change in total pension liability	341,111	(152,265)	474,663
Total pension liability - beginning	15,875,917	16,217,028	16,064,763
Total pension liability - ending (a)	$ 16,217,028	$ 16,064,763	$ 16,539,426
Plan fiduciary net position			
Contributions - employer	$ 256,647	$ 194,981	$ 179,914
Contributions - member	95,379	73,433	78,651
Net investment income	1,872,914	1,218,866	1,132,636
Benefit payments, including refunds of member contributions	(983,514)	(1,140,057)	(1,001,049)
Administrative expense	(32,943)	(33,991)	(34,490)
Net change in plan fiduciary net position	1,208,483	313,232	355,662
Plan fiduciary net position - beginning	15,468,260	16,676,743	16,989,975
Plan fiduciary net position - ending (b)	$ 16,676,743	$ 16,989,975	$ 17,345,637
Net pension liability (asset) - ending (a) - (b)	$ (459,715)	$ (925,212)	$ (806,211)
Plan fiduciary net position as a percentage of the total pension liability	102.83%	105.76%	104.87%
Covered employee payroll	$ 2,384,994	$ 1,683,001	$ 1,751,504
Net pension liability (asset) as a percentage of covered-employee payroll	19.28%	54.97%	46.03%

Notes to Schedule:

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

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions **Last Fiscal Year**

	2018	2019	2020
Actuarially determined contribution	$ 194,981	$ 179,914	$ 158,286
Contributions in relation to the actuarially determined contribution	194,981	179,914	158,286
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 1,835,978	$ 1,965,373	$ 2,104,870
Contributions as a percentage of covered-employee payroll	10.6%	9.2%	7.5%

Notes to Schedule:

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

2. Latest Valuation Date: July 1, 2019

3. Actuarially determined contribution rate is calculated as of July 1, 2019. FY 19-20 contributions were at a rate of 7.5%

4. Methods and assumptions used to determine contribution rates:
   - Actuarial cost method - Entry age normal
   - Amortization method - Level percent of payroll, closed
   - Remaining amortization period - 26 years
   - Asset valuation method - Actuarial:
     - Smoothing period - 4 years
     - Recognition method - Non-asymptotic
     - Corridor - 70% - 130%
   - Salary increases - varies based on age
   - Investment rate of return - 7.5%

Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
POSTEMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN
Last 10 Fiscal Years*

	2018	2019	2020
Total OPEB Liability			
Service Cost	$ 75,623	$ 70,298	$ 80,660
Interest	21,325	32,141	37,230
Changes in assumptions	(39,003)	196,022	(342,711)
Differences between expected and actual experience	-	(122,146)	(94,627)
Benefit Payments	(41,696)	(41,792)	(30,826)
Net change in total OPEB liability	$ 16,249	$ 134,523	$ (350,274)
Balances- Beginning of Year	811,234	827,483	962,007
Balances- End of Year	$ 827,483	$ 962,006	$ 611,733
Covered employee payroll	$ 5,150,000	$ 4,928,000	$ 5,575,000
Total OPEB liability as a percentage of covered employee payroll	16.07%	19.52%	10.97%

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds Combining Balance Sheet – June 30, 2020

	Special Revenue					Capital Project	
	Donations	Tax Increment District	Chickasha Industrial Authority	E911 Fund	Street and Alley	Cemetery Care	Total Other Governmental Funds
ASSETS							
Cash and cash equivalents	$ 97,009	$ 202,848	$ 487,029	$ 138,970	$ 254,746	$ 359,000	$ 1,539,602
Investments	-	-	-	-	-	300,000	300,000
Interest receivable	-	-	-	-	-	5,509	5,509
Due from other funds	-	159,507	131,865	4,494	-	3,710	299,576
Due from other governments	-	-	-	-	17,830	-	17,830
Taxes receivable, net	-	-	65,014	13,609	-	-	78,623
Note receivable	-	-	176,928	-	-	-	176,928
Other receivables	-	-	16,250	-	-	-	16,250
Total assets	$ 97,009	$ 362,355	$ 877,086	$ 157,073	$ 272,576	$ 668,219	$ 2,434,318
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 14,762	$ 362,355	$ 87	$ 42	$ 86,153	$ -	$ 463,399
Due to other funds	-	-	-	1,327	-	-	1,327
Total liabilities	14,762	362,355	87	1,369	86,153	-	464,726
Deferred inflows of resources:							
Unearned revenue	-	-	184,874	-	5,559	-	190,433
Fund balances:							
Restricted	65,818	-	565,105	145,473	31,039	57,839	865,274
Assigned	16,429	-	127,020	10,231	149,825	610,380	913,885
Total fund balances	82,247	-	692,125	155,704	180,864	668,219	1,779,159
Total liabilities, deferred inflows and fund balances	$ 97,009	$ 362,355	$ 877,086	$ 157,073	$ 272,576	$ 668,219	$ 2,434,318

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

	Special Revenue					Capital Project	
	Donations	Tax Increment District	Chickasha Industrial Authority	E-911	Street and Alley	Cemetery Care	Total Other Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ 538,602	$ 156,684	$ -	$ -	$ 695,286
Intergovernmental	-	-	-	-	142,257	-	142,257
Charges for services	-	-	-	-	-	32,873	32,873
Investment earnings	222	-	1,490	1,063	757	6,612	10,144
Miscellaneous	47,361	-	107,417	-	-	-	154,778
Total revenues	47,583	-	647,509	157,747	143,014	39,485	1,035,338
EXPENDITURES							
Current:							
General government	202	-	-	-	-	-	202
Public safety	28,454	-	-	41,273	-	-	69,727
Economic development	-	-	571,894	-	-	-	571,894
Capital Outlay	11,512	-	35,000	-	219,772	288	266,572
Debt Service:							
Principal	-	-	-	121,546	-	-	121,546
Interest and other charges	-	-	-	2,422	-	-	2,422
Total Expenditures	40,168	-	606,894	165,241	219,772	288	1,032,363
Excess (deficiency) of revenues over expenditures	7,415	-	40,615	(7,494)	(76,758)	39,197	2,975
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	(21,838)	(21,724)	-	-	(43,562)
Total other financing sources and uses	-	-	(21,838)	(21,724)	-	-	(43,562)
Net change in fund balances	7,415	-	18,777	(29,218)	(76,758)	39,197	(40,587)
Fund balances - beginning	74,832	-	673,348	184,922	257,622	629,022	1,819,746
Fund balances - ending	$ 82,247	$ -	$ 692,125	$ 155,704	$ 180,864	$ 668,219	$ 1,779,159

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

	General Fund Account	Fire/EMS Training Account	Police Training Account	Police Bond Account	Total General Fund Accounts
ASSETS					
Cash and cash equivalents	$ 1,739,298	$ 1,567	$ 44,914	$ 293,364	$ 2,079,143
Investments	301,050	-	-	-	301,050
Interest receivable	1,945	-	-	-	1,945
Due from other funds	279,546	-	1,152	354	281,052
Interfund receivables	-	-	-	74	74
Due from other governments	1,642,818	-	-	-	1,642,818
Taxes receivable, net	40,770	-	-	-	40,770
Court fines receivable, net	-	-	-	43,707	43,707
Other receivable	3,635	-	-	154	3,789
Inventories	87,327	-	-	-	87,327
Prepaid expenses	18,438	-	-	-	18,438
Total assets	$ 4,114,827	$ 1,567	$ 46,066	$ 337,653	$ 4,500,113
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 139,722	$ -	$ -	$ 1,987	$ 141,709
Accrued payroll payable	370,406	-	-	-	370,406
Due to other funds	2,193,179	-	-	-	2,193,179
Interfund payables	74	-	-	-	74
Due to other governments	1,803	-	-	3,585	5,388
Due to depositors	1,850				1,850
Due to bondholders	-	-	-	3,252	3,252
Total liabilities	2,707,034	-	-	8,824	2,715,858
Deferred inflows of resources:					
Deferred revenue	15,730	-	-	10,234	25,964
Fund balances:					
Nonspendable	87,327	-	-	-	87,327
Restricted	18,203	-	-	-	18,203
Assigned	1,286,533	1,567	46,066	318,595	1,652,761
Unassigned	-	-	-	-	-
Total fund balances	1,392,063	1,567	46,066	318,595	1,758,291
Total liabilities, deferred inflows and fund balances	$ 4,114,827	$ 1,567	$ 46,066	$ 337,653	$ 4,500,113

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

	General Fund Account	Fire/EMS Training Account	Police Training Account	Police Bond Account	Total General Fund Accounts
REVENUES					
Taxes	$ 13,839,064	$ -	$ -	$ -	$ 13,839,064
Intergovernmental	1,076,371	-	-	-	1,076,371
Charges for services	244,768	-	-	-	244,768
Fines and forfeitures	-	-	-	240,599	240,599
Licenses and permits	281,876	-	-	-	281,876
Investment earnings	11,680	2	76	288	12,046
Miscellaneous	60,148	-	480	69	60,697
Total revenues	15,513,907	2	556	240,956	15,755,421
EXPENDITURES					
Current:					
General government	1,464,158	-	-	-	1,464,158
Public Safety	7,006,048	-	11,574	36,317	7,053,939
Highways and streets	474,395	-	-	-	474,395
Culture and recreation	1,254,076	-	-	-	1,254,076
Cemetery	122,891	-	-	-	122,891
Community development	150,567	-	-	-	150,567
Capital Outlay	325,696	-	-	-	325,696
Debt Service:					
Principal	82,818	-	-	-	82,818
Interest and other charges	1,596	-	-	-	1,596
Total Expenditures	10,882,245	-	11,574	36,317	10,930,136
Excess (deficiency) of revenues over expenditures	4,631,662	2	(11,018)	204,639	4,825,285
OTHER FINANCING SOURCES (USES)					
Interaccount transfers in	193,034	142	9,352	-	202,528
Interaccount transfers out	-	-	-	(202,528)	(202,528)
Transfers in	21,838	-	-	-	21,838
Transfers out	(6,371,071)	-	-	-	(6,371,071)
Total other financing sources and uses	(6,156,199)	142	9,352	(202,528)	(6,349,233)
Net change in fund balances	(1,524,537)	144	(1,666)	2,111	(1,523,948)
Fund balances - beginning, restated	2,916,600	1,423	47,732	316,484	3,282,239
Fund balances - ending	$ 1,392,063	$ 1,567	$ 46,066	$ 318,595	$ 1,758,291

Combining Schedule of Net Position – Chickasha Municipal Authority Enterprise Fund Accounts – June 30, 2020

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
ASSETS				
Current assets:				
Cash and cash equivalents	$ 6,681,822	$ 22,184	$ 364,987	$ 7,068,993
Investments	6,450,000	-	300,000	6,750,000
Restricted cash and cash equivalents	523,250	249,718	-	772,968
Restricted investments	-	100,000	-	100,000
Interaccount receivables	17,320	74	10,579	27,973
Due from other funds	2,454,029	50	-	2,454,079
Accounts receivable, net	991,349	-	13,824	1,005,173
Interest receivable	87,885	646	1,938	90,469
Other receivables	4,508	-	-	4,508
Prepaid expenses	5,385	-	-	5,385
Receivables from other governments	6,975	-	-	6,975
Inventories	60,975	-	-	60,975
Total current assets	17,283,498	372,672	691,328	18,347,498
Non-current assets:				
Restricted:				
Net pension asset	189,129	-	-	189,129
Capital Assets:				
Land and construction in progress	4,390,897	-	-	4,390,897
Other capital assets,net of accumulated depreciation	37,124,278	-	-	37,124,278
Total non-current assets	41,704,304	-	-	41,704,304
Total assets	58,987,802	372,672	691,328	60,051,802
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pensions	123,202			123,202
Deferred amount related to OPEB	19,963			19,963
Total deferred outflows	143,165	-	-	143,165
LIABILITIES				
Current liabilities:				
Accounts payable	277,057	-	-	277,057
Accrued payroll payable	27,359	-	-	27,359
Interest payable	32,953	-	-	32,953
Interaccount payables	10,653	17,320	-	27,973
Due to other funds	483,991	11	-	484,002
Deposits subject to refund	-	34,972	-	34,972
Compensated absences	3,090	-	-	3,090
Note payable	1,065,000	-	-	1,065,000
Total current liabilities	1,900,103	52,303	-	1,952,406
Non-current liabilities:				
Deposits subject to refund	-	314,746	-	314,746
Compensated absences	27,801	-	-	27,801
Total OPEB liability	59,681	-	-	59,681
Note payable	3,350,000	-	-	3,350,000
Total non-current liabilities	3,437,482	314,746	-	3,752,228
Total liabilities	5,337,585	367,049	-	5,704,634
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pensions	123,847	-	-	123,847
Deferred amount related to OPEB	87,716	-	-	87,716
Total deferred inflows	211,563	-	-	211,563
NET POSITION				
Net investment in capital assets	37,100,175	-	-	37,100,175
Restricted for debt service	387,477	-	-	387,477
Restricted for capital projects	124,026	-	-	124,026
Restricted for other purposes	11,747	5,623	691,328	708,698
Unrestricted	15,958,394	-	-	15,958,394
Total net position	$ 53,581,819	$ 5,623	$ 691,328	$ 54,278,770

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Chickasha Municipal Authority Enterprise Fund Accounts - Year Ended June 30, 2020

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
Operating Revenues:				
Water revenue	$ 2,374,083	$ -	$ 75,417	$ 2,449,500
Sewer revenue	1,562,689	-	-	1,562,689
Sanitation revenue	2,115,708	-	-	2,115,708
Penalties and fees	121,649	-	-	121,649
User resource fees	23,275	-	-	23,275
Lake revenue	43,918	-	-	43,918
Miscellaneous	43,392	-	-	43,392
Total operating revenues	6,284,714	-	75,417	6,360,131
OPERATING EXPENSES				
Administration	579,692	-	-	579,692
Water	2,273,686	-	345	2,274,031
Sewer	841,081	-	-	841,081
Sanitation	2,035,947	-	-	2,035,947
Lake	64,363	-	-	64,363
Building maintenance	530,527	-	-	530,527
Depreciation	1,654,639	-	-	1,654,639
Total Operating Expenses	7,979,935	-	345	7,980,280
Operating income (loss)	(1,695,221)	-	75,072	(1,620,149)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	131,236	2,004	5,208	138,448
Interest expense	(110,540)	-	-	(110,540)
Grants	135,619	-	-	135,619
Miscellaneous revenue	126,102	-	-	126,102
Gain on capital asset disposal	38,100	-	-	38,100
Total non-operating revenue (expenses)	320,517	2,004	5,208	327,729
Income (loss) before transfers and contributions	(1,374,704)	2,004	80,280	(1,292,420)
Capital contributions	21,475	-	-	21,475
Transfers in	4,389,921	-	-	4,389,921
Transfers out	(429,682)	-	-	(429,682)
Change in net position	2,607,010	2,004	80,280	2,689,294
Total net position - beginning, restated	50,974,809	3,619	611,048	51,589,476
Total net position - ending	$ 53,581,819	$ 5,623	$ 691,328	$ 54,278,770

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2020

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Prior Year Revenues	Current Year Revenues	Prior Year Expenditures	Current Year Expenditures
FEDERAL AWARDS:							
FEDERAL EMERGENCY MANAGEMENT AGENCY:							
Passed through Oklahoma Dept of Emergency Management:							
Hazard Mitigation Grant - Water Study	97.039	FEMA 5168-008-DR-OK	$ 225,000	$ -	$ 135,619	$ -	$ 135,619
Total Federal Emergency Management Agency			225,000	-	135,619	-	135,619
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:							
Passed through Oklahoma Dept of Commerce:							
Community Block Grant	14.228	17568 CDBG 19	$ 144,181	$ -	$ 5,559	$ -	$ 5,559
Total U.S. Dept of Housing & Urban Development			144,181	-	5,559	-	5,559
U.S. DEPARTMENT OF TRANSPORTATION:							
Federal Aviation Administration:							
Airport Improvement Program	20.106	3-40-0018-017-2019	$ 483,231	$ -	$ 131,121	$ -	$ 131,121
Airport Improvement Program	20.106	3-40-0018-018-2020 20A-S	440,162	-	49,500	-	49,500
Total U.S Department of Transportation			923,393	-	180,621	-	180,621
U.S. DEPARTMENT HEALTH AND HUMAN SERVICES:							
Cares Act Provider Relief Program	93.498	HHS-52881425899	39,013	$ -	$ 39,013	$ -	$ 39,013
Total U.S. Department of Health & Human Services			39,013	-	39,013	-	39,013
U.S. DEPARTMENT OF JUSTICE:							
Passed through Oklahoma District Attorney's Council:							
Justice Assistance Grant	16.738	JAG-LLE-2019-Chickasha CI-00016	$ 4,266	$ -	$ 4,266	$ -	$ 4,266
Total U.S Department of Justice			4,266	-	4,266	-	4,266
U.S. DEPARTMENT OF HOMELAND SECURITY:							
Passed through Oklahoma Depart of Emergency Manangement:							
Hazard Mitigation Grant Warning Signal	97.039	FEMA 4315015 DR OK	$ 110,531	$ -	$ 110,531	$ -	$ 110,531
Passed through Oklahoma Office of Homeland Security:							
Homeland Security Grant Program-Hazmat Chemical ID Unit	97.073	960.069	60,950	-	60,950	-	60,950
Total U.S Department of Homeland Security			171,481	-	171,481	-	171,481
U.S. DEPARTMENT OF LIBRARIES:							
Passed through Oklahoma Department of Libraries:							
Health Literacy Grant	45.310	Health Literacy Grant	$ 2,632	$ -	$ 539	$ -	$ 539
Total U.S Department of Libraries			2,632	-	539	-	539
TOTAL FEDERAL AWARDS			$ 1,509,966	$ -	$ 537,098	$ -	$ 537,098

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Prior Year Revenues	Current Year Revenues	Prior Year Expenditures	Current Year Expenditures
STATE AWARDS:						
Oklahoma Office of Attorney General:						
Police Overtime Grant	N/A	$ 58,406	$ -	$ 21,386	$ 37,020	$ 21,386
Police Safe Oklahoma Grant	N/A	45,000	-	30,820	-	30,820
Oklahoma Department of Libraries:						
FY 20 State Aid	N/A	19,663	-	19,663	-	19,663
Summer Reading Program	N/A	56	-	56	-	-
TOTAL STATE AWARDS		$ 123,125	$ -	$ 71,925	$ 37,020	$ 71,869

INTERNAL CONTROL AND COMPLIANCE INFORMATION

AJ &B

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CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the City Council
City of Chickasha, Oklahoma

We have audited audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chickasha, Oklahoma, as of and for the year ended June 30, 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 August 13, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Recommendations that we consider to be significant deficiencies: 20-001 and 20-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Recommendations as items 20-001 and 20-002.

City of Chickasha's Responses to Findings

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

Purpose of This Report

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

Angel, Johnston & Blasingame, P.C.

Chickasha, Oklahoma
August 13, 2021

Deficiencies of Internal Control, Compliance and Other Matters

20-001. Criteria – The City Council established a policy that the unassigned fund balance in the General Fund shall be maintain a range equal to 15% - 40% of the General Fund expenditures at the end of the fiscal year.

Condition – At the end of the fiscal year the unassigned fund balance was 0% of the General Fund expenditures for the year. This is below the minimum required balance of unassigned fund balance of 15%.

Cause and Effect – The General Fund has been unable to operate at a profit and loss level needed to rebuild the unassigned fund balance. The City has been below the unassigned fund criteria for several years. The City's General Fund balance continued to decline during the fiscal year. In addition, through the City's annual budgeting process, the ending fund balance is assigned to meet shortfalls in the subsequent year. Due all these factors the City is in violation of its funding policy. There is no unassigned fund balance at year end.

Recommendation – The City should continue to closely monitor the General Fund revenues, expenditures and the unassigned fund balance to comply with the minimum funding policy. Also, the budgeting process causes the ending fund balance to be classified as assignment. This assignment may not have been anticipated in the funding policy. A review of the policy is recommended.

Management response – See City's Response.

20-002. Criteria – The City is required to record material inventory in its financial statements. Appropriate tracking of the quantities and cost of the inventory is needed to accurately record inventory.

Condition - This is the second year the City has recorded inventory in its financial statement. In the prior year there were issues noted in our management recommendation letter. This year there were several areas of concern related to the City's inventory. We noted several items that were recorded twice. These items were recorded in two different departments. The City adjusted the inventory for these errors. However, we noted many items were recorded with no cost. (There was a note in the City's records that had no cost was used on several items because last year in our recommendations we questioned the accuracy of the cost figures.) Also, we noticed several inventory items that had exactly the same count as the prior year. So, it appears a physical inventory count was not performed.

Cause and effect – The City has not established sufficient costing and inventory control procedures to gain assurance as to the accuracy of its inventory. This causes the assets and the related net profit to be incorrectly stated. This misstatement potentially is significant.

Recommendation – The City should establish costing and quantity tracking procedures that will provide assurance that inventory is accurately recorded in the financial statements.

Management response – See City's Response.

Deficiencies of Internal Control, Compliance and Other Matters

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

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

Disposition – This was not a finding in the current year.

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

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

Disposition – This continues to be a finding in the current year.

CITY OF CHICKASHA
Schedule of Findings and Recommendations
For the Year Ended June 30, 2020

Deficiencies of Internal Control, Compliance and Other Matters
Management Response

20-001. Management will continue to closely monitor the General Fund balance in the current economic environment. In addition, management will review the funding policy and make recommendations to City Council to align it with current practice.

20-002. Management is in the process of reviewing the inventory costing and tracking policy to align with best practices as it relates to the business.

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CERTIFIED PUBLIC ACCOUNTANTS

August 13, 2021

To the Management and
The Members of the City Council
City of Chickasha, Oklahoma

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 of Chickasha, Oklahoma for the year ended June 30, 2020 and have issued our report thereon dated August 13, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 18, 2020. Professional standards also require that we communicate the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Chickasha are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive accounting estimate affecting the financial statements are: Management's estimate of the useful lives of capital assets is based on actual historical costs. Management's estimate of allowances for doubtful accounts for utility, court receivables and ambulance receivables are based on an aging analysis. We evaluated the key factors and assumptions used to develop this accounting estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, we did encounter the following significant general difficulties:

- The inventory was not taken timely, costing was not complete and duplicate inventory items were noted.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached is a list of uncorrected misstatements of the financial statements. Also, attached is the schedule of material corrected misstatements detected as a result of audit procedures corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison information, pension plan information, and OPEB schedule which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide assurance on the RSI.

We were engaged to report on the combining and individual non-major fund financial statements, the combining general fund statements, the combining enterprise fund statements, and the schedule of federal and state awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on use

This information is intended solely for the use of the City Council and management of the City of Chickasha and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Angel, Johnston + Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.
Certified Public Accountants

City of Chickasha
Adjusting Journal Entries
All Funds
6/30/2020

	W/P Reference	Acct #	Debit	Credit
AJE #1				
Water Revenue	F 4	31-4395-001	82,344	
Sewer Revenue		31-4395-002	24,646	
Sanitation Revenue		31-4395-003	53,478	
Unbilled Receivable		31-1100-004		160,468
Misc Revenue		23-4030-001	807	
Unbilled Receivable		23-1100-004		807
Water Resource Fee		68-4395-001	3,722	
Unbilled Receivable		68-1100-004		3,722
(to correct amount for unbilled receivable)				
AJE# 2				
Street M&O		11-509???	60,974.71	
Street Inventory		11-1600		60,974.91
(to correct pipe inventory of $36,185.60 and meter inventory of $24,789.41 recorded in street)				
AJE# 3				
Grant income-police JAG		11-4300.007	5,281.00	
Deferred revenue general fund		11-2400-001		5,281.00
Grant deferred revenue-Street and Alley		54-2100-000	138,621.98	
Grant Receivable-Street and Alley		54-1150-001		138,621.98
(to correct grant accruals)				
AJE#4				
Wesnidge Note Rec		25-1100-000	15,278.00	
Deferred Revenue		25-2400-000	6,000.00	
Misc Receivable		25-1100-013		21,278.00
(To adju N/R to actual and Deferred Revenue item was collected in July see Series E w/p)				
AJE# 5				
A/R (due from other governments)		31-1150-005	6,975.00	
Grant Revenue		31-4300-011		6,975.00
(Record additional income earned prior to yearend)				

City of

CHICKASHA

Meeting Type: Special Council Meeting 8-30-2021

Meeting Date: 8/30/2021

Department: Finance **Agenda Item No. 4.b.**

AGENDA ITEM: Discussion, consideration and possible action to approve financing for the purchase of a Pierce Enforcer (45) Fire Truck.

I. BACKGROUND/DESCRIPTION:

Financing options will be presented at the meeting. Options will be added to the Council Item once they have been compiled.

II. RECOMMENDED ACTION:

Staff will present financing options and recommendations at the meeting.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director: Cindy Rogers, Finance Director	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: August 30, 2021	(From)		

V. ATTACHMENTS:

1. Finanncing Comparisons for Pierce Enforcer 450

117 N. 4th Street Chickasha, Ok. 73018 Phone 405.222.6045 Fax 405.222.6004

The City of Chickasha
Fire Truck Financing Options
August 30, 2021

Finance Provider	Loan Amount	Payment Term	Payment Frequency	Payment Amount	Rate	Total Interest	Total Cost of Loan	
Conrad Fire - PNC Equipment								
	$ 474,515.00	5 Years	Annual	$ 100,467.90	1.93%	$ 27,824.50	$ 502,339.50	
	$ 474,515.00	7 Years	Annual	$ 74,392.98	2.38%	$ 46,235.88	$ 520,750.88	$ 6,199.42
	$ 474,515.00	10 Years	Annual	$ 55,372.43	2.91%	$ 79,209.33	$ 553,724.33	
Liberty National Bank -Chickasha								
	$ 474,515.00	5 years	Monthly	$ 8,369.18	2.25%	$ 27,636.08	$ 502,151.08	
	$ 474,515.00	7 years	Monthly	$ 6,152.98	2.45%	$ 42,335.19	$ 516,850.19	$ 73,835.76
First National Bank - Chickasha								
	$ 474,515.00	5 Years	Annual	$ 100,526.99	1.95%	$ 28,116.46	$ 502,631.46	
	$ 474,515.00	7 Years	Annual	$ 73,572.10	2.09%	$ 40,489.71	$ 515,004.71	
	$ 474,515.00	10 Years	Annual	$ 53,549.19	2.25%	$ 60,679.47	$ 535,194.47	
	$ 474,515.00	5 Years	Monthly	$ 8,306.81	1.95%	$ 23,893.61	$ 498,408.61	
	$ 474,515.00	7 Years	Monthly	$ 6,077.19	2.09%	$ 35,969.25	$ 510,484.25	
	$ 474,515.00	10 Years	Monthly	$ 4,419.51	2.25%	$ 55,825.93	$ 530,340.93	
Simmons Bank								
	$ 474,515.00	5 years	Monthly	$ 8,524.30	2.99%	$ 36,943.28	$ 511,458.28	
	$ 474,515.00	6 years	Monthly	$ 7,228.75	3.09%	$ 45,954.91	$ 520,469.91	
	$ 474,515.00	7 years	Monthly	$ 6,308.48	3.18%	$ 55,397.15	$ 529,912.15	

Current Debt Service

Capital lease obligation to Welch State Bank for pumper truck

Original amount	$ 401,779.00	
Interest Rate	3.39%	
Semi-Annual Payments	$23,577	
Final Payment	5/15/2023	

Capital lease obligation to FNB for rescue squad truck

Original amount	$ 380,316.00	
Interest Rate	3.00%	
Monthly Installments	$ 5,029.00	$ 1,123.98
Final Payment	12/15/2022	