

CITY OF **EL RENO, OKLAHOMA**



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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

THE CITY OF EL RENO, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of El Reno

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Reno, Oklahoma (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City, as of June 30, 2021, 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 and budgetary comparison information and pension plan and other post-employment benefit 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 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 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.

Arledge & Associates, P.C.

December 9, 2021

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MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF EL RENO, OKLAHOMA
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Our discussion and analysis of the City of El Reno's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the City's total net position increased by \$1,966,201 or 3% from the prior year.
- During the year, the City's expenses for governmental activities were \$20 million and were funded by program revenues of \$7.2 million and further funded with taxes and other general revenues that totaled \$13 million.
- In the City's business-type activities, such as utilities, hospital, airport, park and golf programs, expenses exceeded revenues excluding transfers by a total of (\$1,725,948).
- Sales and use taxes decreased by approximately (\$3.3) million or 23% over the prior fiscal year.
- At June 30, 2021, the General Fund reported an unassigned fund balance of \$4.9 million, which is an increase of \$257,182 or 6% from the prior year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$1.3 million or 9%, while expenditures were under the final appropriations by approximately \$971,585 million or 5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of El Reno (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39 and 61. Included in this report are governmental-wide statements for each of 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 activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

About the City

The City of El Reno is a municipality with a population of approximately 16,749 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- 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 Manager

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

(Unaudited. See accompanying auditor's report.)

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The City's Financial Reporting Entity

This annual report includes all activities for which the City of El Reno City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units and one discretely presented component unit (currently inactive) as follows:

- **The City of El Reno** – that operates the public safety, streets, culture, parks and recreation, and administrative activities
- **The El Reno Municipal Trust Authority** – that operates the water, sewer, and sanitation services of the City (blended component unit)
- **The City of El Reno Hospital Authority** – that operates the hospital which serves the citizens of El Reno and the surrounding communities (blended component unit)
- **The El Reno Airpark Authority** – that operates the local non-commercial airport activities (blended component unit)
- **The El Reno Recreation Authority** – that was established to construct and operate the municipal golf course and now includes some of park and recreation activities (blended component unit)
- **The El Reno Economic Development Authority** – that promotes and subsidizes efforts to create economic development within the City (discretely presented component unit), currently inactive.

Using This Annual Report

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. 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.

(Unaudited. See accompanying auditor's report.)

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These two government-wide statements report the City's net position and changes in it from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, 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 nonfinancial 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 and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation, hospital, airport and recreation activities are reported here.
- **Discretely-presented component unit** – This accounts for activities of the City's reporting entity that does not meet the criteria for blending, specifically the El Reno Economic Development Authority, when active.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps 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.

(Unaudited. See accompanying auditor's report.)

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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. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City’s enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$80 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020	
Current assets	\$27,986	\$19,014	47%	\$24,992	\$27,437	-9%	\$52,978	\$46,451	14%
Capital assets, net	38,305	38,932	-2%	57,047	52,438	9%	95,352	91,370	4%
Other non-current assets	-	43	-100%	-	-	-	-	43	-100%
Total assets	66,291	57,989	14%	82,039	79,875	3%	148,330	137,864	8%
Deferred outflow of resources	4,703	4,561	3%	323	352	-8%	5,026	4,913	2%
Current liabilities	3,757	5,077	-26%	2,181	2,099	4%	5,938	7,176	-17%
Non-current liabilities	34,727	25,017	39%	31,376	30,657	2%	66,103	55,674	19%
Total liabilities	38,484	30,094	28%	33,557	32,756	2%	72,041	62,850	15%
Deferred inflow of resources	1,199	1,780	-33%	325	322	1%	1,524	2,102	-27%
Net position									
Net investment in capital assets	22,049	22,571	-2%	26,575	26,332	1%	48,624	48,903	-1%
Restricted	4,168	4,045	3%	585	320	83%	4,753	4,365	9%
Unrestricted	5,094	4,060	25%	21,320	20,497	4%	26,414	24,557	8%
Total net position	\$31,311	\$30,676	2%	\$48,480	\$47,149	3%	\$79,791	\$77,825	3%

The largest portion of the City’s net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2021, this net investment in capital assets amounted to \$48.6 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The increase/decrease in deferred outflows, deferred inflows and other liabilities relates mostly to differences in actual investment earnings versus projected investment earnings in all three defined benefit retirement plans.

(Unaudited. See accompanying auditor’s report.)

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The increase in current assets for governmental activities is due to the City receiving the FEMA money for the tornado from 2019 and the CARES grant money in 2020. This is also the reason for the increase in unrestricted net position for governmental activities. The bond proceeds from the new 2020 sales tax revenue note also contribute to the increase in current assets for governmental activities.

The increase in governmental activities non-current liabilities is due to the issuance of the 2020 sales tax revenue note.

Changes in Net Position

For the year ended June 30, 2021, net position of the primary government changed as follows:

TABLE 2 CHANGES IN NET POSITION (In Thousands)									
	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020	
Revenues									
Charges for service	\$ 1,412	\$ 1,467	-4%	\$ 8,855	\$ 8,162	8%	\$ 10,267	\$ 9,629	7%
Operating grants and contributions	5,704	1,631	250%	24	46	-48%	5,728	1,677	242%
Capital grants and contributions	135	74	82%	142	284	-50%	277	358	-23%
Taxes	11,996	15,420	-22%	-	-	-	11,996	15,420	-22%
Intergovernmental revenue	219	228	-4%	-	-	-	219	228	-4%
Investment income	3	186	-98%	26	338	-92%	29	524	-94%
Royalties	2,862	1,375	108%	745	433	72%	3,607	1,808	100%
Miscellaneous	548	671	-18%	20	123	-84%	568	794	-28%
Gain (loss) on disposal	-	-	-	(70)	-	-100%	(70)	-	-100%
Total revenues	22,879	21,052	9%	9,742	9,386	4%	32,621	30,438	7%
Expenses									
General government	4,197	2,896	45%	-	-	-	4,197	2,896	45%
Public safety	11,541	11,504	0%	-	-	-	11,541	11,504	0%
Streets	2,479	2,589	-4%	-	-	-	2,479	2,589	-4%
Culture, parks and recreation	1,037	1,688	-39%	-	-	-	1,037	1,688	-39%
Interest on long-term debt	654	496	32%	-	-	-	654	496	32%
Water	-	-	-	3,810	3,780	1%	3,810	3,780	1%
Wastewater	-	-	-	2,990	3,136	-5%	2,990	3,136	-5%
Sanitation	-	-	-	802	802	0%	802	802	0%
Golf	-	-	-	958	986	-3%	958	986	-3%
Park	-	-	-	535	520	3%	535	520	3%
Airport	-	-	-	789	761	4%	789	761	4%
Hospital	-	-	-	863	623	39%	863	623	39%
Total expenses	19,908	19,173	4%	10,747	10,608	1%	30,655	29,781	3%
Excess (deficiency) before transfers	2,971	1,879	58%	(1,005)	(1,222)	-18%	1,966	657	199%
Transfers	(2,336)	(3,874)	-40%	2,336	3,874	-40%	-	-	-
Increase (decrease) in net position	\$ 635	\$ (1,995)	-132%	\$ 1,331	\$ 2,652	-50%	\$ 1,966	\$ 657	199%

The increase in royalty revenue for governmental and business-type activities of approximately \$1.5 million is because the amount of mineral payments received by the airport, lake and cemetery were higher in the current year.

(Unaudited. See accompanying auditor's report.)

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Sales tax revenue decreased by approximately (\$3.3) million dollars in the current year. This is due to the continued decrease in the oil and gas industry in the City limits and the effect of COVID-19.

Operating grants and contributions increased in the governmental activities due to the City receiving FEMA Disaster assistance for the 2019 tornado and the CARES Relief grant.

General government expense increased due to the debris removal from the Ice storm in October 2020.

Investment income decreased due to interest rates declining when COVID-19 began.

The hospital had an increase in expense due to the issuance of the 2020B Sales Tax Revenue Note.

Governmental Activities

To aid in the understanding of the statement of activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
General government	\$ 4,197	\$ 2,896	45%	\$ (475)	\$ (1,763)	-73%
Public safety	11,541	11,504	0%	(8,570)	(9,962)	-14%
Streets	2,479	2,589	-4%	(2,145)	(2,406)	-11%
Culture, parks and recreation	1,037	1,688	-39%	(814)	(1,376)	-41%
Interest on long-term debt	654	496	32%	(654)	(495)	32%
Total	<u>\$ 19,908</u>	<u>\$ 19,173</u>	4%	<u>\$ (12,658)</u>	<u>\$ (16,002)</u>	-21%

For the year ended June 30, 2021, total expenses for governmental activities amounted to approximately \$19.9 million which is an increase of \$735,234 from the prior year.

(Unaudited. See accompanying auditor's report.)

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Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
Water	\$ 3,810	\$ 3,780	1%	\$ 566	\$ 534	6%
Wastewater	2,990	3,136	-5%	(736)	(1,148)	-36%
Sanitation	802	802	0%	271	202	34%
Golf	958	986	-3%	(367)	(567)	-35%
Park	535	520	3%	(350)	(321)	9%
Airport	789	761	4%	(258)	(193)	34%
Hospital	863	623	39%	(852)	(623)	37%
Total	<u>\$ 10,747</u>	<u>\$ 10,608</u>	1%	<u>\$ (1,726)</u>	<u>\$ (2,116)</u>	-18%

The City's business-type activities include utility services for water, wastewater, and sanitation. It also includes the Hospital Authority, Airpark Authority and Recreation Authority which now includes the park department.

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net expense excluding transfers of (\$1.7) million for the year ended June 30, 2021.
- Water and sanitation activities reported net revenue for the year ended June 30, 2021, and the wastewater, golf, park, airport and hospital activities reported net expense.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$25 million or a 58% increase from the prior year. This increase is due to the debt proceeds from the 2020 Series Sales Tax Revenue Note being unspent and sitting in a construction trust cash account. The enterprise funds reported combined net position of \$48.5 million or a 3% increase from 2020.

Other fund highlights include:

- For the year ended June 30, 2021, the General Fund total fund balance increased by \$1.8 million or 13% due to the grant money received as noted on the previous page.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of 28.4% or \$3.2 million and an increase in appropriations of 19% or \$3.1 million. Actual revenues were under estimates by \$1.3 million or 9%, while expenditures were under final appropriations by \$971,575 or 5%.

(Unaudited. See accompanying auditor's report.)

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had approximately \$95.4 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, water lines, sewer lines and the hospital assets. (See Table 5).

TABLE 5
Primary Government Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,380	\$ 1,380	\$ 2,030	\$ 2,030	\$ 3,410	\$ 3,410
Buildings	14,097	14,675	21,296	20,765	35,393	35,440
Imp. other than buildings	2,734	2,942	3,355	3,632	6,089	6,574
Machinery, furniture and equipment	2,889	2,792	2,185	1,970	5,074	4,762
Infrastructure	16,610	16,702	-	-	16,610	16,702
Intangible water rights	-	-	131	135	131	135
Utility property	-	-	18,753	19,994	18,753	19,994
Construction in progress	595	441	9,296	3,911	9,891	4,352
Totals	\$ 38,305	\$ 38,932	\$ 57,046	\$ 52,437	\$ 95,351	\$ 91,369

This year's more significant capital asset additions included:

CDBG 2019 Drainage Project
2019 Gradall
Storm sewer replacement N. Boynton St
T hanger complex, taxi lane design and build

See Note 6 to the financial statements for more detailed information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had approximately \$58 million in long-term debt outstanding which represents a \$8.7 million or 18% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Primary Government Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Accrued absences	\$ 1,728	\$ 1,703	\$ 85	\$ 107	\$ 1,813	\$ 1,810	0%
Insurance claims liability	146	76	-	-	146	76	92%
Revenue bonds	23,765	16,065	8,756	7,438	32,521	23,503	38%
Notes payable	-	-	22,932	23,244	22,932	23,244	-1%
Deposits subject to refund	-	-	456	433	456	433	5%
Capital leases	151	296	-	-	151	296	-49%
Totals	\$ 25,790	\$ 18,140	\$ 32,229	\$ 31,222	\$ 58,019	\$ 49,362	18%

**CITY OF EL RENO, OKLAHOMA
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See Note 7 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year

- The City of El Reno will be improving the airport hangers and rehabbing the apron.
- The City will also continue construction of the Healthplex.
- They will also continue any capital improvements associated with the 2020 Sales Tax Revenue Note.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Finance Director at 101 North Choctaw, El Reno, Oklahoma 73036-0700 or telephone at 405-262-4070.

(Unaudited. See accompanying auditor's report.)

CITY OF EL RENO, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Statement of Net Position– June 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 24,893,817	\$ 18,061,245	\$ 42,955,062
Investments	177,030	4,514,823	4,691,853
Accounts receivable, net of allowance	7,360	1,428,063	1,435,423
Franchise tax receivable	91,240	-	91,240
Court fine receivable, net of allowance	533,692	-	533,692
Internal balances	(730,055)	730,055	-
Due from other governments	3,012,848	62,722	3,075,570
Inventory	-	70,102	70,102
Restricted investments	-	125,376	125,376
Capital assets:			
Land and construction in progress	1,975,174	11,325,615	13,300,789
Other capital assets, net of depreciation	36,330,808	45,720,893	82,051,701
Total Capital Assets	<u>38,305,982</u>	<u>57,046,508</u>	<u>95,352,490</u>
Total Assets	<u>66,291,914</u>	<u>82,038,894</u>	<u>148,330,808</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	4,000,197	195,031	4,195,228
Deferred amounts related to OPEB	131,128	59,308	190,436
Deferred amounts related to refunding	571,443	68,910	640,353
Total deferred outflows of resources	<u>4,702,768</u>	<u>323,249</u>	<u>5,026,017</u>
LIABILITIES			
Accounts payable	200,053	399,651	599,704
Accrued payroll liabilities	499,276	110,178	609,454
Accrued interest payable	278,822	270,962	549,784
Due to other governments	38,879	-	38,879
Refundable court bonds	5,527	-	5,527
Unearned revenue	1,815	736	2,551
Long-term liabilities:			
Due within one year	2,732,328	1,399,603	4,131,931
Due in more than one year	23,057,500	30,823,834	53,881,334
Total OPEB liability	1,517,113	303,422	1,820,535
Net pension liability	<u>10,152,965</u>	<u>248,600</u>	<u>10,401,565</u>
Total liabilities	<u>38,484,278</u>	<u>33,556,986</u>	<u>72,041,264</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,006,892	183,239	1,190,131
Deferred amounts related to OPEB	191,984	141,787	333,771
Total deferred outflows of resources	<u>1,198,876</u>	<u>325,026</u>	<u>1,523,902</u>
NET POSITION			
Net investment in capital assets	22,048,885	26,575,350	48,624,235
Restricted for:			
Public Safety	620,141	-	620,141
Capital Outlay	173,843	-	173,843
Debt Service	1,139,894	584,988	1,724,882
Recreation, Public Safety and Public Works	1,095,177	-	1,095,177
Other	943,270	-	943,270
Permanent Fund Purposes:			
Permanent fund - nonexpendable	182,939	-	182,939
Permanent fund - expendable	12,951	-	12,951
Unrestricted	5,094,428	21,319,793	26,414,221
Total net position	<u>\$ 31,311,528</u>	<u>\$ 48,480,131</u>	<u>\$ 79,791,659</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Statement of Activities –Year Ended June 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 4,196,679	\$ 777,895	\$ 2,943,712	\$ 401	\$ (474,671)	\$ -	\$ (474,671)
Public Safety	11,541,008	416,855	2,545,892	7,657	(8,570,604)	-	(8,570,604)
Streets	2,479,398	39,547	181,272	113,868	(2,144,711)	-	(2,144,711)
Culture, parks and recreation	1,036,959	177,293	32,754	12,940	(813,972)	-	(813,972)
Interest on long-term debt	653,868	-	-	-	(653,868)	-	(653,868)
Total governmental activities	19,907,912	1,411,590	5,703,630	134,866	(12,657,826)	-	(12,657,826)
Business-type activities							
Water	3,810,226	4,375,911	-	-	-	565,685	565,685
Wastewater	2,988,986	2,253,129	-	-	-	(735,857)	(735,857)
Sanitation	802,256	1,073,063	-	-	-	270,807	270,807
Golf	958,194	590,941	-	-	-	(367,253)	(367,253)
Park	534,586	185,035	-	-	-	(349,551)	(349,551)
Airport	789,276	376,805	13,000	141,704	-	(257,767)	(257,767)
Hospital	863,017	-	11,005	-	-	(852,012)	(852,012)
Total business-type activities	10,746,541	8,854,884	24,005	141,704	-	(1,725,948)	(1,725,948)
Total primary government	\$ 30,654,453	\$ 10,266,474	\$ 5,727,635	\$ 276,570	\$ (12,657,826)	(1,725,948)	(14,383,774)
General revenues:							
Taxes:							
Sales and use taxes					10,857,474	-	10,857,474
Property taxes					103,317	-	103,317
Franchise and public service taxes					775,367	-	775,367
Hotel/motel taxes					261,878	-	261,878
Intergovernmental revenue not restricted to specific programs					219,156	-	219,156
Investment income					2,866	25,952	28,818
Miscellaneous					547,708	19,755	567,463
Miscellaneous- Royalties					2,861,854	744,646	3,606,500
Transfers - Internal activity					(2,336,325)	2,336,325	-
Loss on disposal					-	(69,998)	(69,998)
Total general revenues and transfers					13,293,295	3,056,680	16,349,975
Change in net position					635,469	1,330,732	1,966,201
Net position - beginning					30,676,059	47,149,399	77,825,458
Net position - ending					\$ 31,311,528	\$ 48,480,131	\$ 79,791,659

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Balance Sheet - June 30, 2021

	General Fund	2020 Series Sales Tax Revenue Note Construction	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,004,055	\$ 7,658,585	\$ 1,824,236	\$ 24,486,876
Investments	117,683	-	59,347	177,030
Due from other funds	33,969	-	-	33,969
Due from other governments	1,478,326	-	87,729	1,566,055
Franchise tax receivable	1,537,675	-	7,718	1,545,393
Court fine receivable, net	533,692	-	-	533,692
Total assets	<u>\$ 18,705,400</u>	<u>7,658,585</u>	<u>\$ 1,979,030</u>	<u>\$ 28,343,015</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 57,778	69,344	\$ 20,370	\$ 147,492
Accrued payroll payable	557,261	-	-	557,261
Due to other funds	764,024	-	-	764,024
Due to other governments	33,455	-	-	33,455
Refundable court bonds	5,527	-	-	5,527
Total liabilities	<u>1,418,045</u>	<u>69,344</u>	<u>20,370</u>	<u>1,507,759</u>
Deferred Inflows of resources:				
Deferred revenue	<u>1,966,997</u>	<u>-</u>	<u>7,360</u>	<u>1,974,357</u>
Fund balances:				
Nonspendable	-	-	182,939	182,939
Restricted	2,770,991	7,589,241	1,493,107	11,853,339
Committed	140,129	-	41,206	181,335
Assigned	7,490,154	-	234,048	7,724,202
Unassigned	4,919,084	-	-	4,919,084
Total fund balance	<u>15,320,358</u>	<u>7,589,241</u>	<u>1,951,300</u>	<u>24,860,899</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 18,705,400</u>	<u>\$ 7,658,585</u>	<u>\$ 1,979,030</u>	<u>\$ 28,343,015</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2021

	<u>General Fund</u>	<u>2020 Series Sales Tax Revenue Note Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 11,021,275	\$ -	\$ 1,014,212	\$ 12,035,487
Intergovernmental	4,540,263	-	120,433	4,660,696
Licenses and permits	725,035	-	39,547	764,582
Charges for services	107,486	-	69,130	176,616
Fines and forfeitures	234,169	-	76,111	310,280
Investment income	1,494	1,028	302	2,824
Royalties	2,899,792	-	-	2,899,792
Miscellaneous	522,012	-	-	522,012
Total revenues	<u>20,051,526</u>	<u>1,028</u>	<u>1,319,735</u>	<u>21,372,289</u>
EXPENDITURES				
Current:				
General government	3,439,477	217,500	264,270	3,921,247
Public safety	8,922,320	-	357,007	9,279,327
Streets	849,270	-	-	849,270
Culture, parks, and recreation	475,224	-	-	475,224
Capital outlay	162,954	1,894,125	380,614	2,437,693
Debt service:				
Principal	2,300,700	-	145,278	2,445,978
Interest	511,350	-	10,361	521,711
Total Expenditures	<u>16,661,295</u>	<u>2,111,625</u>	<u>1,157,530</u>	<u>19,930,450</u>
Excess (deficiency) of revenues over expenditures	<u>3,390,231</u>	<u>(2,110,597)</u>	<u>162,205</u>	<u>1,441,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,061,444	-	19,719	3,081,163
Transfers out	(4,700,444)	(300,162)	(414,984)	(5,415,590)
Proceeds from long-term debt	-	10,000,000	-	10,000,000
Total other financing sources and uses	<u>(1,639,000)</u>	<u>9,699,838</u>	<u>(395,265)</u>	<u>7,665,573</u>
Net change in fund balance	1,751,231	7,589,241	(233,060)	9,107,412
Fund balance - beginning	13,569,127	-	2,184,360	15,753,487
Fund balance - ending	<u>\$ 15,320,358</u>	<u>\$ 7,589,241</u>	<u>\$ 1,951,300</u>	<u>\$ 24,860,899</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation: \$ 24,860,899

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 the funds, net of accumulated depreciation of \$31,510,882 38,305,982

Certain long-term assets are not available to pay current fund liabilities and therefore they, along with deferred outflows, are either deferred or not reported in the funds:

OPEB related deferred outflows	131,128
Pension related deferred outflows	4,000,197
Deferred outflow related to long-term debt refunding	571,443
Deferred revenue related to availability	1,972,542

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Position:

Internal service funds' net position	260,701
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Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:

Net pension liability	(10,152,965)
Total OPEB liability	(1,517,113)
Pension related deferred inflows	(1,006,892)
Accrued interest payable	(278,822)
Capital lease obligation	(150,932)
OPEB related deferred inflows	(191,984)
Revenue bond obligations	(23,764,750)
Accrued compensated absences	(1,727,906)
	<u>(38,791,364)</u>

Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 31,311,528</u></u>
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See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ 9,107,412

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

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

Capital asset purchases capitalized	2,454,072
Capital assets transferred to Enterprise Fund	(1,898)
Book value of disposed capital assets	(29,566)
Depreciation expense	(3,049,137)
	(626,529)

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 as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.	(1,221,015)
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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	1,142,656

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 payment on capital lease obligation	145,278
Principal payment on bonds payable obligation	2,300,700
Amortization of deferred amount on refunding	(69,973)
Proceeds from debt	(10,000,000)
	(7,623,995)

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	(62,184)
Change in Total OPEB liability	(173,242)
Change in accrued compensated absences	(25,039)
	(260,465)

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities	
Change in net position for internal service funds	117,405

Change in net position of governmental activities	\$ 635,469
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See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Net Position - June 30, 2021

	ENTERPRISE FUNDS					
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 11,736,918	\$ 3,352,758	\$ 1,756,524	\$ 412,854	\$ 17,259,054	\$ 406,941
Restricted cash and cash equivalents	802,209	-	-	-	802,209	-
Investments	4,514,805	-	-	-	4,514,805	-
Due from other funds	764,024	-	-	-	764,024	-
Due from other governments	-	-	62,722	-	62,722	-
Inventory	10,021	-	44,415	15,666	70,102	-
Accounts receivable, net	1,068,199	343,809	9,626	6,429	1,428,063	-
Total current assets	<u>18,896,176</u>	<u>3,696,567</u>	<u>1,873,287</u>	<u>434,949</u>	<u>24,900,979</u>	<u>406,941</u>
Non-current assets:						
Restricted investments	125,376	-	-	-	125,376	-
Capital assets:						
Land and construction in progress	907,742	8,720,367	1,586,426	111,080	11,325,615	-
Other capital assets, net of accumulated depreciation	37,615,729	2,302,393	3,556,232	2,246,539	45,720,893	-
Total non-current assets	<u>38,648,847</u>	<u>11,022,760</u>	<u>5,142,658</u>	<u>2,357,619</u>	<u>57,171,884</u>	<u>-</u>
Total assets	<u>57,545,023</u>	<u>14,719,327</u>	<u>7,015,945</u>	<u>2,792,568</u>	<u>82,072,863</u>	<u>406,941</u>
DEFERRED OUTFLOW OF RESOURCES:						
Deferred amounts related to pensions	107,949	-	-	87,082	195,031	-
Deferred amounts related to OPEB	19,834	-	3,418	36,056	59,308	-
Deferred amount on refunding	68,910	-	-	-	68,910	-
Total deferred outflow of resources	<u>196,693</u>	<u>-</u>	<u>3,418</u>	<u>123,138</u>	<u>323,249</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	112,226	257,302	11,377	18,746	399,651	-
Accrued payroll payable	56,506	-	6,032	47,640	110,178	-
Accrued interest payable	201,302	69,660	-	-	270,962	-
Unearned revenue	-	-	736	-	736	-
Due to other funds	-	-	-	33,969	33,969	-
Current portion of:						
Claims liability	-	-	-	-	-	39,655
Notes payable	269,052	-	-	-	269,052	-
Revenue bonds payable, net	490,050	632,000	-	-	1,122,050	-
Accrued compensated absences	6,345	-	317	1,839	8,501	-
Total current liabilities	<u>1,135,481</u>	<u>958,962</u>	<u>18,462</u>	<u>102,194</u>	<u>2,215,099</u>	<u>39,655</u>
Non-current liabilities:						
Claims liability	-	-	-	-	-	106,585
Deposits subject to refund	455,514	-	-	-	455,514	-
Notes payable	22,662,855	5,560,000	-	-	28,222,855	-
Revenue bonds payable	2,068,950	-	-	-	2,068,950	-
Accrued compensated absences	57,102	-	2,856	16,557	76,515	-
Total OPEB liability	124,939	-	17,848	160,635	303,422	-
Net pension liability	148,845	-	-	99,755	248,600	-
Total non-current liabilities	<u>25,518,205</u>	<u>5,560,000</u>	<u>20,704</u>	<u>276,947</u>	<u>31,375,856</u>	<u>106,585</u>
Total liabilities	<u>26,653,686</u>	<u>6,518,962</u>	<u>39,166</u>	<u>379,141</u>	<u>33,590,955</u>	<u>146,240</u>
DEFERRED INFLOW OF RESOURCES:						
Deferred amounts related to pension	134,333	-	-	48,906	183,239	-
Deferred amounts related to OPEB	44,542	-	14,207	83,038	141,787	-
Total deferred inflow of resources	<u>178,875</u>	<u>-</u>	<u>14,207</u>	<u>131,944</u>	<u>325,026</u>	<u>-</u>
NET POSITION						
Net Investment in capital assets	13,032,564	6,042,509	5,142,658	2,357,619	26,575,350	-
Restricted for debt service	270,769	314,219	-	-	584,988	-
Unrestricted	17,605,822	1,843,637	1,823,332	47,002	21,319,793	260,701
Total net position	<u>\$ 30,909,155</u>	<u>\$ 8,200,365</u>	<u>\$ 6,965,990</u>	<u>\$ 2,404,621</u>	<u>\$ 48,480,131</u>	<u>\$ 260,701</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2021

ENTERPRISE FUNDS						
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Totals</u>	<u>Internal Service Funds</u>
OPERATING REVENUES						
Water charges	\$ 4,187,299	\$ -	\$ -	\$ -	\$ 4,187,299	\$ -
Sewer charges	2,111,691	-	-	-	2,111,691	-
Sanitation charges	1,045,526	-	-	-	1,045,526	-
Airport charges	-	-	376,805	-	376,805	-
Golf Course charges	-	-	-	507,564	507,564	-
Hook and Slice Restaurant charges	-	-	-	62,520	62,520	-
Water and sewer taps	186,887	-	-	-	186,887	-
Transfer fees	3,775	-	-	-	3,775	-
Returned check charges	800	-	-	-	800	-
Cut off charges	25,012	-	-	-	25,012	-
Penalties and interest	99,281	-	-	-	99,281	-
Miscellaneous	41,832	11,005	744,646	20,857	818,340	-
Rental	-	-	-	68,559	68,559	-
Permits	-	-	-	116,476	116,476	-
Self-Insurance charges	-	-	-	-	-	215,258
Total operating revenues	<u>7,702,103</u>	<u>11,005</u>	<u>1,121,451</u>	<u>775,976</u>	<u>9,610,535</u>	<u>215,258</u>
OPERATING EXPENSES						
Managerial	295,747	-	-	-	295,747	-
Administration	265,632	-	-	146,882	412,514	-
Billing	871,897	-	-	-	871,897	-
Water Plant	2,128,297	-	-	-	2,128,297	-
Wastewater	1,014,832	-	-	-	1,014,832	-
Hospital	-	322,531	-	-	322,531	-
Airport	-	-	339,842	-	339,842	-
Golf	-	-	-	613,493	613,493	-
Parks	-	-	-	461,145	461,145	-
Claims Expense	-	-	-	-	-	199,306
Hook and Slice Restaurant	-	-	-	10,081	10,081	-
Depreciation expense	2,308,559	331,115	449,434	261,179	3,350,287	-
Total Operating Expenses	<u>6,884,964</u>	<u>653,646</u>	<u>789,276</u>	<u>1,492,780</u>	<u>9,820,666</u>	<u>199,306</u>
Operating income (loss)	<u>817,139</u>	<u>(642,641)</u>	<u>332,175</u>	<u>(716,804)</u>	<u>(210,131)</u>	<u>15,952</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	24,904	842	151	55	25,952	42
Gain (loss) on sale of capital asset	(69,998)	-	-	1,898	(68,100)	-
Grant revenue	-	-	144,704	-	144,704	-
Miscellaneous revenue	-	12,814	6,941	-	19,755	101,411
Interest expense and fiscal charges	(716,504)	(209,371)	-	-	(925,875)	-
Total non-operating revenue (expenses)	<u>(761,598)</u>	<u>(195,715)</u>	<u>151,796</u>	<u>1,953</u>	<u>(803,564)</u>	<u>101,453</u>
Income (loss) before contributions and transfers	55,541	(838,356)	483,971	(714,851)	(1,013,695)	117,405
Capital contributions	65,246	14,055	10,000	289,937	379,238	-
Transfers in	3,858,529	1,265,918	750,000	499,679	6,374,126	-
Transfers out	(4,075,323)	(233,614)	(100,000)	-	(4,408,937)	-
Change in net position	<u>(96,007)</u>	<u>208,003</u>	<u>1,143,971</u>	<u>74,765</u>	<u>1,330,732</u>	<u>117,405</u>
Total net position - beginning	31,005,162	7,992,362	5,822,019	2,329,856	47,149,399	143,296
Total net position - ending	<u>\$ 30,909,155</u>	<u>\$ 8,200,365</u>	<u>\$ 6,965,990</u>	<u>\$ 2,404,621</u>	<u>\$ 48,480,131</u>	<u>\$ 260,701</u>

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021

	ENTERPRISE FUNDS					
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airport Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 7,659,163	\$ 386,068	\$ 1,129,497	\$ 778,360	\$ 9,953,088	\$ -
Payments to suppliers	(3,606,035)	(507,332)	(365,403)	(523,687)	(5,002,457)	(130,055)
Payments to employees	(950,196)	-	(89,324)	(707,958)	(1,747,478)	-
Receipts of customer meter deposits	86,130	-	-	-	86,130	-
Refunds of customer meter deposits	(63,865)	-	-	-	(63,865)	-
Other income	-	12,814	-	-	12,814	316,669
Net cash provided by (used in) operating activities	<u>3,125,197</u>	<u>(108,450)</u>	<u>674,770</u>	<u>(453,285)</u>	<u>3,238,232</u>	<u>186,614</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	3,858,529	1,265,918	750,000	499,679	6,374,126	-
Transfers to other funds	(4,075,323)	(233,614)	(100,000)	-	(4,408,937)	-
Net cash provided by (used in) noncapital financing activities	<u>(216,794)</u>	<u>1,032,304</u>	<u>650,000</u>	<u>499,679</u>	<u>1,965,189</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(477,718)	(6,358,337)	(713,598)	(136,713)	(7,686,366)	-
Principal paid on capital debt	(730,260)	(4,503,000)	-	-	(5,233,260)	-
Proceeds from capital debt	-	6,240,000	-	-	6,240,000	-
Proceeds from sale of assets	23,525	-	-	-	23,525	-
Interest and fiscal agent fees paid on capital debt	(707,422)	(164,534)	-	-	(871,956)	-
Capital grants and contribution	-	-	144,704	-	144,704	-
Loss on disposal	-	14,913	-	-	14,913	-
Net cash provided by (used in) capital and related financing activities	<u>(1,891,875)</u>	<u>(4,770,958)</u>	<u>(568,894)</u>	<u>(136,713)</u>	<u>(7,368,440)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investments	482,843	-	-	-	482,843	-
Interest and dividends	24,904	842	151	55	25,952	43
Net cash provided by (used in) investing activities	<u>507,747</u>	<u>842</u>	<u>151</u>	<u>55</u>	<u>508,795</u>	<u>43</u>
Net increase (decrease) in cash and cash equivalents	1,524,275	(3,846,262)	756,027	(90,264)	(1,656,224)	186,657
Balances - beginning of year	<u>11,014,852</u>	<u>7,199,020</u>	<u>1,000,497</u>	<u>503,118</u>	<u>19,717,487</u>	<u>220,284</u>
Balances - end of year	<u>\$ 12,539,127</u>	<u>\$ 3,352,758</u>	<u>\$ 1,756,524</u>	<u>\$ 412,854</u>	<u>\$ 18,061,263</u>	<u>\$ 406,941</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 11,736,918	\$ 3,352,758	\$ 1,756,524	\$ 412,854	\$ 17,259,054	\$ 406,941
Restricted cash and cash equivalents - current	802,209	-	-	-	802,209	-
Total cash and cash equivalents, end of year	<u>\$ 12,539,127</u>	<u>\$ 3,352,758</u>	<u>\$ 1,756,524</u>	<u>\$ 412,854</u>	<u>\$ 18,061,263</u>	<u>\$ 406,941</u>

(Continued)

See accompanying notes to the financial statements

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021, (continued)

	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided						
by (used in) operating activities:						
Operating income (loss)	\$ 817,139	\$ (642,641)	\$ 332,175	\$ (716,804)	\$ (210,131)	\$ 15,952
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,308,559	331,115	449,434	261,179	3,350,287	-
Miscellaneous revenue	-	12,814	6,941	-	19,755	101,411
Change in assets and liabilities:						
Due from other governments	-	-	4,486	-	4,486	-
Accounts receivable	(42,942)	375,063	(3,381)	2,384	331,124	-
Inventory	(6,935)	-	(17,209)	(5,707)	(29,851)	-
Accounts payable	35,279	(184,801)	(90,347)	(8,571)	(248,440)	(1,001)
Accrued payroll payable	13,879	-	(1,363)	15,450	27,966	-
Net pension liability	(5,586)	-	-	9,162	3,576	-
Total OPEB liability	2,769	-	(3,601)	(10,244)	(11,076)	-
Claims liability	-	-	-	-	-	70,252
Deposits subject to refund	22,266	-	-	-	22,266	-
Accrued compensated absences	(19,231)	-	(2,365)	(134)	(21,730)	-
Net cash provided by (used in) operating activities	\$ 3,125,197	\$ (108,450)	\$ 674,770	\$ (453,285)	\$ 3,238,232	\$ 186,614
Noncash activities:						
Contributed capital	\$ 65,246	\$ 14,055	\$ 10,000	\$ 289,937	\$ 379,238	\$ -

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units, and one discretely presented component unit (when active) as noted below. This annual report includes all activities for which the City of El Reno City Council/Manager is fiscally responsible.

In determining the financial reporting entity, 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 City of El Reno – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of El Reno has a population of approximately 16,749 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- 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 Manager

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

Blended Component Units:

The El Reno Municipal Trust Authority – that operates the water, sewer, and sanitation services of the City – City Council serves as Authority trustees.

The City of El Reno Hospital Authority – that operates the hospital which serves the citizens of El Reno and the surrounding communities. City Council serves as Authority trustees.

The El Reno Airport Authority – that operates the local non-commercial airport activities. City Council serves as Authority trustees.

The El Reno Recreation Authority – that was established to stimulate economic growth and development through the promotion, financing and development of recreational, sports, cultural, tourism and entertainment projects and facilities. City Council serves as Authority trustees.

Discretely Presented Component Unit:

The El Reno Economic Development Authority – that promotes and subsidizes efforts to create economic development within the City. City Council appoints trustees. There is currently no financial activity for this trust, and this trust is considered inactive.

Each of these 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

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

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

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, restricted operating grants, and restricted capital grants
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, parks, and recreation – cemetery revenues, pool fees, operating and capital grants
- General Government – license and permits, plat and abatement fees, demolition fees, and restricted operating grants
- Water – water service charges
- Wastewater – wastewater service charges
- Sanitation – sanitation service charges
- Golf – golf course fees, restaurant services fees
- Parks – park rental revenue and permits
- Airport – hangar rental income, fuel sales, and royalties
- Hospital – reimbursement revenue

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

The funds of the financial reporting entity are described below.

Governmental Funds:

The City's governmental funds include:

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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:
 - Gift and Contribution Account (previously Park Improvement Account)
 - Sales Tax ¼ cent Account
 - Cemetery Everlasting Care Account
 - Emergency Reserve Account
 - Royalties Fund
- 2020 Series Sale Tax Revenue Note Construction Fund– accounts the bond proceeds from the 2020 Sales Tax Revenue Note and expenditures associated with it.

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

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- Police Fund (Previously 911 Emergency Fund) – accounts for the following restricted revenues for public safety: 911 admin fee, police forfeitures, juvenile fee, drug and alcohol fees, impound fee, and any miscellaneous restricted fees.
- CDGB Fund – accounts for CDGB grant activity.
- Hotel Motel Occupancy Surcharge Fund – accounts for the Hotel/Motel tax collections and related expenditures; this was removed from the General Fund after the January 2008 election which restricts these funds to 40% for tourism and 60% for capital.
- Safety Sales Tax ¼ Cent Fund – accounts for the New Public Safety Sales Tax which was approved by voters in January 2008.
- Police Evidence Fund– accounts for seized cash.
- Tax Increment Fund– accounts for the TIF money received and remitted to the TIF district.

Capital Project Funds:

- Drainage Improvement Fund – accounts for revenues and expenses for the purpose of creating and/or improving drainage basins.
- Capital Improvement Fund – accounts for an increase in Municipal Court fines. Funds are to be used for capital improvements in general.
- Infrastructure Fund - accounts for various construction projects funded through interfund transfers.
- Cemetery Care Fund – accounts for cemetery fees restricted for cemetery care.
- Sidewalk Fund– accounts for sidewalk fees to construct new sidewalks.

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Permanent Funds:

- Library Endowment Fund – accounts for funds which are restricted for library purposes.
- Cemetery Perpetual Care Fund – accounts for funds restricted for the maintenance or improvement of graves, lots, or perpetual care of the cemetery.

The governmental funds are reported on the 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 payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

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

The General Fund is considered a major fund and is therefore displayed in a separate column. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds. The fund balances, reported on the modified accrual basis for these aggregated non-major funds changed as follows for the year ended June 30, 2021.

Fund	Fund Balance 7/1/2020	Changes in Fund Balance	Fund Balance 6/30/2021
Special Revenue Funds:			
Police Fund	\$ 242,368	\$ 17,914	\$ 260,282
CDBG Fund	248,179	(248,179)	-
Police Evidence Fund	-	3,741	3,741
Cemetery Care	165,249	38,493	203,742
Hotel Motel Occupancy Surcharge	728,019	56,348	784,367
Safety Sales Tax 1/4 Cent	431,659	(65,183)	366,476
Capital Project Funds:			
Infrastructure	92,936	(92,936)	-
Drainage Improvement	3,082	-	3,082
Capital Improvement	41,449	30,669	72,118
Sidewalk Fund	34,619	25,989	60,608
Permanent Funds:			
Library Endowment	32,211	35	32,246
Cemetery Perpetual Care	164,589	49	164,638
Total	<u>\$ 2,184,360</u>	<u>\$ (233,060)</u>	<u>\$ 1,951,300</u>

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

- El Reno Municipal Trust Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.
- City of El Reno Hospital Authority Fund that accounts for the activities of the public trust which operates the hospital that serves the citizens of El Reno and the surrounding communities.
- El Reno Airpark Authority Fund that operates the local non-commercial airport activities.
- El Reno Recreation Authority that was established to construct and operate the municipal golf course.

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Internal Service Funds

- Self-Insurance Workers' Comp

For purposes of the statement of revenues, expenses and changes in 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS), Oklahoma Police Pension & Retirement System (OPPRS), and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from FPRS's, OPPRS's, and OkMRF's fiduciary net position have been determined on the same basis as they are reported by FPRS, 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 are reported at fair value.

3. Cash, Cash Equivalents, and Investments

For the purpose 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 or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At June 30, 2021, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 31,805,749
Cash on hand			4,331
Time deposits	Due within one year		4,817,211
			<u>36,627,291</u>
Investments:			
Trustee money market accounts		AAAm	11,145,000
Total deposits and investments			<u>\$ 47,772,291</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 42,955,062
Investments			4,691,853
Restricted investments			125,376
			<u>\$ 47,772,291</u>

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2021, 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City is currently working with the City Attorney to revise the investment policy for adaptation during the new re-codification. The City has limited its investment choices to state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. 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.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

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 places no limit on the amount it may invest in any one issuer. The City has the following concentration of credit risk: 100% (or \$11,145,000 market value) invested in Federated Treasury Obligations money market accounts at Bancfirst.

Restricted cash and Investments – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2021 are as follows:

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	Current Cash and cash Equivalents	Noncurrent Investments
2014 OWRB Note Debt Service Fund	\$ 152,903	\$ -
2010 Drinking Water SRF Debt Service	41,919	-
2011 Sales Tax Revenue Note Fund	89,028	-
2013 Sales Tax Revenue Bond Note Fund	30,308	-
2015 Sales Tax Revenue Fund	42,622	-
2015 Sales Tax Revenue Interest Fund	115,291	-
Utility Deposits	330,138	125,376
Total	<u>\$ 802,209</u>	<u>\$ 125,376</u>

4. Accounts Receivable

Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines receivables.

Primary Government

	Court Fines Receivable	Utilities Receivable	Airpark Receivable	The City of El Reno Hospital Authority	The City of El Reno Recreation Authority
Accounts receivable	\$ 1,778,977	\$ 2,128,616	\$ 9,626	\$ 343,809	\$ 6,429
Less: allowance for uncollectible accounts	(1,245,285)	(1,060,417)	-	-	-
Accounts receivable, net of allowance	<u>\$ 533,692</u>	<u>\$ 1,068,199</u>	<u>\$ 9,626</u>	<u>\$ 343,809</u>	<u>\$ 6,429</u>

5. Inventories

The inventories for the blended component units – El Reno Recreation Authority and the El Reno Airpark Authority – are valued at lower of cost or net realizable value using first-in, first-out or market.

6. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. For the year ended June 30, 2021, capital assets balances changed as follows:

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	Balance at July 1, 2020	Additions	Disposals	Transfers	Balance at June 30, 2021
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,379,829	\$ -	\$ -	\$ -	\$ 1,379,829
Construction in progress	441,115	1,017,791	863,561	-	595,345
Total capital assets not being depreciated	1,820,944	1,017,791	863,561	-	1,975,174
Other capital assets:					
Buildings	20,634,929	-	19,455	-	20,615,474
Improvements	5,736,894	104,614	41,488	-	5,800,020
Machinery, furniture and equipment	9,095,825	798,782	808,159	(88,344)	8,998,104
Infrastructure	31,031,646	1,396,446	-	-	32,428,092
Total other capital assets at historical cost	66,499,294	2,299,842	869,102	(88,344)	67,841,691
Less accumulated depreciation for:					
Buildings	5,959,792	576,035	17,347	-	6,518,480
Improvements	2,794,487	299,584	28,089	-	3,065,983
Machinery, furniture and equipment	6,304,053	685,170	794,100	(86,446)	6,108,677
Infrastructure	14,329,394	1,488,347	-	-	15,817,743
Total accumulated depreciation	29,387,726	3,049,137	839,536	(86,446)	31,510,882
Other capital assets, net	37,111,568	(749,295)	29,566	(1,898)	36,330,809
Governmental activities capital assets, net	\$ 38,932,512	\$ 268,496	\$ 893,127	\$ (1,898)	\$ 38,305,983
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 2,029,643	\$ -	\$ -	\$ -	\$ 2,029,643
Construction in progress	3,910,607	7,179,300	1,793,935	-	9,295,972
Total capital assets not being depreciated	5,940,250	7,179,300	1,793,935	-	11,325,615
Other capital assets:					
Buildings	28,843,365	1,668,265	-	-	30,511,630
Improvements	12,513,460	118,091	-	-	12,631,551
Machinery, furniture and equipment	13,499,944	652,188	1,217,097	88,344	13,023,379
Intangible water rights	207,657	-	-	-	207,657
Utility property improvements	39,870,168	241,693	8,241	-	40,103,620
Total other capital assets at historical cost	94,934,594	2,680,237	1,225,338	88,344	96,477,837
Less accumulated depreciation for:					
Buildings	8,077,057	1,137,800	-	-	9,214,859
Improvements	8,880,985	395,587	-	-	9,276,572
Machinery, furniture and equipment	11,529,578	337,200	1,114,759	86,446	10,838,463
Intangible water rights	72,941	3,909	-	-	76,850
Utility property improvements	19,876,553	1,475,792	2,143	-	21,350,201
Total accumulated depreciation	48,437,114	3,350,287	1,116,902	86,446	50,756,945
Other capital assets, net	46,497,480	(670,050)	108,436	1,898	45,720,893
Business-type activities capital assets, net	\$ 52,437,730	\$ 6,509,249	\$ 1,902,371	\$ 1,898	\$ 57,046,508

Depreciation:

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

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Category	Threshold	Lives in Years
Buildings	\$100,000	20 - 50
Improvements Other than Buildings	100,000	20 - 50
Machinery and Equipment	5,000	3 - 20
Infrastructure	500,000	20 - 50

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:

General Government	\$ 240,360
Public Safety	620,110
Highways and Streets	1,625,340
Culture & Recreation	563,327
	<u>\$ 3,049,137</u>

Business-Type Activities:

Water	\$ 1,156,234
Wastewater	1,152,325
Hospital	331,115
Airpark	449,434
Recreation	261,179
	<u>\$ 3,350,287</u>

7. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Revenue bonds payable (direct placements)	\$ 16,065,450	\$ 10,000,000	\$ 2,300,700	\$ 23,764,750	\$ 2,368,950
Insurance claims liability	75,988	101,002	30,750	146,240	39,655
Capital lease obligation	296,210	-	145,278	150,932	150,932
Accrued compensated absences	1,702,867	13,257,174	13,232,135	1,727,906	172,791
Total Governmental Activities	<u>\$ 18,140,515</u>	<u>\$ 23,358,176</u>	<u>\$ 15,708,863</u>	<u>\$ 25,789,828</u>	<u>\$ 2,732,328</u>
Business-Type Activities:					
Notes payable (direct borrowing)	\$ 23,243,867	\$ -	\$ 311,960	\$ 22,931,907	\$ 269,052
Revenue bonds payable (direct placements)	7,437,550	6,240,000	4,921,300	8,756,250	1,122,050
Deposits subject to refund	433,249	86,130	63,865	455,514	-
Accrued compensated absences	106,746	652,283	674,013	85,016	8,501
Total Business-Type Activities	<u>\$ 31,221,412</u>	<u>\$ 6,978,413</u>	<u>\$ 5,971,138</u>	<u>\$ 32,228,687</u>	<u>\$ 1,399,603</u>

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Governmental activities long-term debt- long-term debt payable from direct borrowings and direct placements include the following:

Revenue Bonds Payable (Direct Placements):

Series 2020 Sales Tax Revenue Bonds. Original amount of \$10,000,000 issued by the El Reno Municipal Authority, 100% of the proceeds was used in governmental activities, due in annual installments of \$20,000 to \$780,000 through 2030, interest at 2.20%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 9,900,000

Series 2011 Sales Tax Revenue Bonds. Original amount of \$5,100,000 issued by the El Reno Municipal Authority, 62% or \$3,162,000 was used in governmental activities, due in annual installments of \$140,000 to \$455,000 through 2027, interest at 3.75%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. See Business - type note below for water percentage and balance. \$ 1,450,800

Series 2013 Sales Tax Revenue Bonds. Original amount of \$4,500,000 issued by the El Reno Municipal Authority, 88% or 3,960,000 was used in governmental activities, due in annual installments of \$200,000 to \$255,000 through 2024, interest at 2.32%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 1,293,600

Series 2016 Sales Tax Revenue Bonds. Original amount of \$12,855,000 issued by the El Reno Municipal Authority, 93% or \$11,955,150 of the proceeds was used in governmental activities, due in annual installments of \$200,000 to \$600,000 through 2029, interest at 2.26%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 8,086,350

Series 2019A Sales Tax Revenue Bonds. Original amount of \$4,195,000 issued by the El Reno Municipal Authority, 100% of the proceeds was used in governmental activities, due in annual installments of \$179,000 to \$398,000 through 2025, interest at 2.51%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 2,944,000

Total Revenue Bonds Payable \$ 23,674,750

Current portion	\$ 2,368,950
Non-current portion	<u>21,305,800</u>
Total	<u>\$ 23,674,750</u>

Capital Lease Obligations:

\$451,224 lease with F & M Bank for the purchase of a Sutphen heavy duty rescue pumper, issued April 2020 with an interest rate of 3.45% and maturing April 2022. \$ 150,932

Total Capital Lease Obligations \$ 150,932

Current portion	\$ 150,932
Non-current portion	<u>-</u>
Total	<u>\$ 150,932</u>

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Business-type activities long-term debt- long-term debt payable from direct borrowings and direct placements include the following:

Revenue Bonds Payable (Direct Placements):

El Reno Municipal Authority:

Series 2015 Sales Tax Revenue Bonds. Original amount of \$1,400,000 issued by the El Reno Municipal Authority, due in annual installments of \$110,000 to \$234,000 through 2025, interest at 2.27%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 890,000

Series 2011 Sales Tax Revenue Bonds. Original amount of \$5,100,000 issued by the El Reno Municipal Authority, 38% or \$1,938,000 of the proceeds was used for business-type activities, due in annual installments of \$140,000 to \$455,000 through 2027, interest at 3.75%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 889,200

Series 2013 Sales Tax Revenue Bonds. Original amount of \$4,500,000 issued by the El Reno Municipal Authority, 12% or \$540,000 of the proceeds was used for business-type activities, due in annual installments of \$200,000 to \$255,000 through 2024, interest at 2.32%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 176,400

Series 2016 Sales Tax Revenue Bonds. Original amount of \$12,855,000 issued by the El Reno Municipal Authority, 7% or \$899,850 of the proceeds was used in governmental activities, due in annual installments of \$200,000 to \$600,000 through 2029, interest at 2.26%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 608,650

Total Revenue Bonds Payable	\$ 2,564,250
Less Unamortized Bond Discount	(5,250)
Net Revenue Bonds Payable	<u>\$ 2,559,000</u>
Current portion	\$ 490,050
Non-current portion	2,068,950
Total	<u>\$ 2,559,000</u>

Hospital Authority:

Series 2020B Sales Tax Revenue Bonds. Original amount of \$6,240,000 issued by the El Reno Municipal Authority, 100% of this will be used to construct a new hospital, due in annual installments of \$112,000 to \$375,000 through 2031, interest at 2.25%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 6,192,000

Current portion	632,000
non-current portion	5,560,000
Total	<u>\$ 6,192,000</u>

Total Revenue Bonds Payable	\$ 8,756,250
Less Unamortized Bond Discount	(5,250)
Net Revenue Bonds Payable	<u>\$ 8,751,000</u>

Current portion	\$ 1,122,050
non-current portion	7,628,950
Total	<u>\$ 8,751,000</u>

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Notes Payable (Direct Borrowings):

El Reno Municipal Authority:

Series 2002A OWRB Drinking Water SRF Promissory Note dated May 30, 2002, original amount of \$1,829,323, issued by the El Reno Municipal Authority, due in semi-annual installments each March 15 and September 15, beginning March 2003, final installment due September 15, 2021 with an administrative fee of .5% and 0% interest. The OWRB loan is collateralized by the pledge of revenues. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

\$ 46,906

Series 2002C OWRB Clean Water SRF Promissory Note, original amount of \$767,998, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, through 2022, non-interest bearing. The OWRB loan is collateralized by the pledge of revenues. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

39,385

Series 2003A OWRB SRF Promissory Note dated December 22, 2003, original amount of \$643,154, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2010, final installment due September 15, 2023, with an administrative fee of .5% and 0% interest. The OWRB loan is collateralized by the pledge of revenues. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

80,394

Series 2014 OWRB Clean Water SRF Promissory Note dated August 26, 2014, original amount of \$21,530,000, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2015, final installment due September 15, 2039 with an administrative fee of .5% and 2.20% interest, remaining funds to be drawn down at June 30, 2016 are \$5,326,030. The OWRB loan is collateralized by the pledge of revenues. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

21,430,000

Series 2010 OWRB Drinking Water SRF Promissory Note dated February 1, 2010, original amount of \$2,405,000, issued by the El Reno Municipal Authority, due in semi-annual installments each March 15 and September 15, beginning September 2010, final installment due March 15, 2030 with an administrative fee of .5% and 3.09% interest. The OWRB loan is collateralized by the pledge of revenues. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

1,335,222

Total Municipal Authority \$ 22,931,907

Current portion \$ 269,052

Non-current portion 22,662,855

Total \$ 22,931,907

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Debt Service Requirements to Maturity:

GOVERNMENTAL ACTIVITY DEBT					
Year Ending June 30,	Revenue Bonds Payable (direct placements)		Capital Lease Payable		
	Principal	Interest	Principal	Interest	
2022	\$ 2,368,950	\$ 581,081	\$ 150,932	\$ 5,279	
2023	2,433,150	524,665	-	-	
2024	2,508,650	466,315	-	-	
2025	3,003,050	403,095	-	-	
2026	2,728,350	335,157	-	-	
2027-2031	10,722,600	607,057	-	-	
Totals	<u>\$ 23,764,750</u>	<u>\$ 2,917,370</u>	<u>\$ 150,932</u>	<u>\$ 5,279</u>	

BUSINESS-TYPE ACTIVITY DEBT					
Year Ending June 30,	Revenue Bonds Payable (direct placements)		Notes Payable (direct borrowings)		
	Principal	Interest	Principal	Interest	
2022	1,122,050	\$ 225,311	269,052	613,333	
2023	1,151,850	199,521	186,885	608,904	
2024	1,184,350	172,855	174,975	604,707	
2025	1,149,950	145,524	163,367	608,391	
2026	943,650	119,769	167,894	604,049	
2027-2031	3,204,400	175,253	4,689,734	2,841,471	
2032-2036	-	-	9,670,000	1,786,942	
2037-2040	-	-	7,610,000	422,885	
Totals	<u>\$ 8,756,250</u>	<u>\$ 1,038,233</u>	<u>\$ 22,931,907</u>	<u>\$ 8,090,682</u>	

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged two and ½ cents (or 63%) of future sales tax revenues to repay \$44,290,000 of Series 2011, 2013, 2015, 2016, 2019A, 2020 and 2020B Sales Tax Revenue Bonds. Proceeds from the bonds provided financing for utility and governmental capital assets. The bonds are payable through 2027, 2024, 2025, 2029, 2025, 2030 and 2031 respectively. The total principal and interest payable for the remainder of the life of these notes is \$36,476,603. Total pledged sales taxes received in the current fiscal year were \$6,560,308. Debt service payments for the current fiscal year of \$3,356,162 were 51% of the pledged sales taxes.

Utility Net Revenues Pledge - The City has also pledged future water and sewer net revenues to repay \$27,175,475 of 2002A, 2002C, 2003A, 2010 and 2014 Series Oklahoma Water Resources Board Notes Payable. Proceeds from the bonds and notes provided financing for utility system capital assets. The bonds are payable through 2021, 2022, 2023, 2030, and 2039. The total principal and interest payable for the remainder of the life of these notes is \$31,022,589. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes this year were \$935,478 which was 32% of pledged net utility revenues of \$2,880,843.

8. Net Position and Fund Balances

Fund Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- 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 only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues.

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General Fund	Major Capital Project Fund 2020 Capital Improvement Fund	Other Governmental Funds	TOTAL
Fund Balances:				
Nonspendable:				
Library Endowment	\$ -	\$ -	\$ 31,050	\$ 31,050
Cemetery Perpetual Care	-	-	151,889	151,889
Sub-total Nonspendable	-	-	182,939	182,939
Restricted for:				
Capital outlay	-	7,589,241	72,111	7,661,352
Debt Service	1,418,716	-	-	1,418,716
Watershed construction	-	-	3,082	3,082
Sidewalks	-	-	60,608	60,608
Skateboard Park	181	-	-	181
Police	12,098	-	253,165	265,263
Library	25,342	-	202	25,544
Cemetery	169,329	-	50,791	220,120
Public Health and Safety	-	-	366,476	366,476
Mercy Sidewalk	2,500	-	-	2,500
Recreation facilities, public health and safety facilities, public works infrastructure capital outlay or debt service for said capital outlay	1,095,177	-	-	1,095,177
Contingency	460	-	-	460
Animal Shelter	1,888	-	-	1,888
Fire Department	41,071	-	-	41,071
Employee appreciation	357	-	-	357
Legion Park Lights	1,777	-	-	1,777
Tennis Court Improvements	95	-	-	95
Parks/ ASHB Ballfield	2,000	-	-	2,000
Tourism	-	-	122,554	122,554
Economic development and capital	-	-	564,118	564,118
Sub-total Restricted	2,770,991	7,589,241	1,493,107	11,853,339
Committed to:				
Cemetery	102,020	-	41,206	143,226
Park	38,109	-	-	38,109
Sub-total Committed	140,129	-	41,206	181,335
Assigned to:				
Fiscal Year 21 budget	3,785,869	-	-	3,785,869
Lake	3,448,455	-	-	3,448,455
Cemetery Capital	-	-	124,494	124,494
Library	-	-	994	994
Cemetery	111,656	-	-	111,656
Police	-	-	10,858	10,858
Tourism	-	-	94,578	94,578
Economic development and capital	-	-	3,117	3,117
Capital outlay	144,174	-	7	144,181
Sub-total Assigned	7,490,154	-	234,048	7,724,202
Unassigned:	4,919,084	-	-	4,919,084
TOTAL FUND BALANCES	\$ 15,320,358	\$ 7,589,241	\$ 1,951,300	\$ 24,860,899

Equity is classified as net position and displayed in three components:

- f. *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.

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- g. *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.

The restrictions are as follows:

Governmental Activities

Other Purposes:

Cemetery Everlasting Care	\$ 169,329
Drainage Improvement	3,082
Library Endowment	31,252
Cemetery Perpetual Care	164,638
Sidewalk	60,608
Capital Improvement	72,111
Safety Sales Tax 1/4 Cent	366,476
Sales Tax 1/4 Cent	1,095,177
Gifts and Contributions	73,179
Cemetery Care	38,042
Hotel Motel Occupancy Surcharge	686,672
General Fund (Library Donations)	14,090
Police Evidence Fund	3,741
General Fund (Police Donation)	500
	<u>2,778,897</u>

Enabling legislation:

Police	<u>249,424</u>
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Debt Service:

Trustee money market accounts	1,418,716
Less: Accrued Interest Payable	<u>(278,822)</u>
	<u>1,139,894</u>

Total Governmental Activities restricted	<u>\$ 4,168,215</u>
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Reconciliation to Statement of Net Position:

Restricted for:

Public Safety	\$ 620,141
Capital Outlay	173,843
Debt Service	1,139,894
Recreation, Public Safety and Public Works	1,095,177
Other	943,270
Permanent fund - nonexpendable	182,939
Permanent fund - expendable	12,951
Total Governmental Activities restricted	<u>\$ 4,168,215</u>

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Contractual agreements:

Cash and investments	\$ 855,950
Less: Accrued Interest Payable	<u>(270,962)</u>
	<u>\$ 584,988</u>

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- h. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

9. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statements 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 and then offset in the total column in the government-wide statements. Interfund 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, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	ERMA	\$ 23,246	Transfer of assets
General Fund	City of El Reno Recreation Authority	22,400	Transfer of assets
General Fund	City of El Reno Hospital Authority	14,055	Transfer of assets
Airport Authority	General Fund	75,000	Operating subsidy
Public Safety 1/4 Sales Tax	General Fund	50,000	Reimbursement for ambulance service
Infrastructure Fund	ERMA	92,945	To close fund out.
2020 Sales Tax Revenue Construction Func	City of El Reno Recreation Authority	258,162	Transfer of assets
2020 Sales Tax Revenue Construction Func	ERMA	42,000	Transfer of assets
General Fund	ERMA Sales Tax	3,453,970	Sales tax transfer
ERMA Sales Tax	General Fund	2,884,405	Debt service transfer
Tax Increment Fund	General Fund	52,039	Ad valorm
Public Safety 1/4 Sales Tax	City of El Reno Hospital Authority	220,000	Funding for new hospital
ERMA Sales Tax	City of El Reno Hospital Authority	440,918	Debt service transfer
2020 Sales Tax Revenue Construction Func	City of El Reno Hospital Authority	550,000	Funding for new hospital
General Fund	City of El Reno Recreation Authority	499,679	Operating subsidy
General Fund	City of El Reno Recreation Authority	9,375	Transfer of assets
General Fund	ERMA	53,000	Operating subsidy
General Fund	City of El Reno Hospital Authority	55,000	Funding for new hospital
General Fund	CDBG	19,719	Operating subsidy grant match
ERMA Sales Tax	Airport Authority	750,000	Operating subsidy
Airport Authority	ERMA	25,000	Admin fee
City of El Reno Hospital Authority	ERMA Sales Tax	233,614	Debt service transfer
Total		<u>\$ 9,824,527</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 3,081,163	\$ (5,415,590)	(2,334,427)
Proprietary Funds	6,374,126	(4,408,937)	1,965,189
	<u>\$ 9,455,289</u>	<u>\$ (9,824,527)</u>	<u>\$ (369,238)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 1,965,189
Transfer of governmental assets to business-type activity:	1,898
Capital assets from governmental funds- (one-sided at fund level)	369,238
Transfers - internal activity	<u>\$ 2,336,325</u>

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Balances:

Interfund receivable and payables at June 30, 2021 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
General Fund	ERMA Sales Tax	\$ 764,024	Sales tax transfer receivable
Recreation Authority	General Fund	33,969	Loan to Recreation Authority
		<u>\$ 797,993</u>	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (764,024)	\$ 33,969	\$ (730,055)
Proprietary Funds	(33,969)	764,024	730,055
	<u>\$ (797,993)</u>	<u>\$ 797,993</u>	<u>\$ -</u>

10. Sales Tax

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents is recorded in the General Fund. ½ cent of the 2 cents is pledged for El Reno Recreational Authority debt service on golf course capital debt and ½ cent is pledged for the 2005 Series Sales Tax Bonds.
- 1.5 cents is recorded in the General fund and then transferred to the El Reno Municipal Authority for debt service per debt agreement.
- .25 cents is recorded in the Sales Tax ¼ Cent Fund to be transferred to the El Reno Recreation Authority for the purpose to provide revenues for capital expenditures pertaining to recreational facilities, public works infrastructure and public health and safety facilities or for debt service in connection with obligations heretofore issued or to be issued to finance said capital expenditures.
- .25 cents is recorded in the Safety Sales Tax ¼ Cent Fund to pay for costs pertaining to the provision of emergency services.

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 Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Self-insured within limits of Oklahoma worker's compensation laws. 100% risk of loss retained.
- Employee's Group Medical – Covered through participation in Blue Cross and Blue Shield of Oklahoma.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. The portion of the reserves to which the City has access is reported as Deposits with Insurance Pool. Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

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For the internal service self-insurance funds, changes in the worker's comp claims liability for the City from July 1, 2019, to June 30, 2021, are as follows:

	<u>Workers'</u> <u>Compensation</u>
Claim liability, June 30, 2019	40,280
Claims and changes in estimates	(79,978)
Claims payments	115,686
Claim liability, June 30, 2020	75,988
Claims and changes in estimates	(30,750)
Claims payments	101,002
Claim liability, June 30, 2021	<u>\$ 146,240</u>
Reconciliation to Statement of Net Position:	
Current portion	\$ 39,655
Noncurrent portion	106,585
Total	<u>\$ 146,240</u>

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

Construction Commitments:

At June 30, 2021 the City had awarded construction contracts totaling approximately \$11,263,442 and of this amount, \$2,097,207 was still outstanding.

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, 2021, 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.

13. Pension Plan Participation

The City of El Reno participates in three pension or retirement plans:

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

Firefighters' Plan:

Plan description - The City of El Reno, 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

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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 \$288,582. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$549,475 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 \$730,698. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$8,689,463 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.705363 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$1,935,809. At June 30, 2021, 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	\$ 1,107,475	\$ 116,591
Changes of assumptions	-	147,252
Net difference between projected and actual earnings on pension plan investments	127,725	-
Changes in proportion and differences between City contributions and proportionate share of contributions	625,193	89,546
City contributions during measurement	131	2,379
City contributions subsequent to the measurement date	288,582	-
Total	<u>\$ 2,149,106</u>	<u>\$ 355,768</u>

The \$288,582 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2022	\$	368,729
2023		499,772
2024		415,737
2025		220,518
Total	\$	<u>1,504,756</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2020, valuation was 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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

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:

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	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
	<hr/>	<hr/>	<hr/>
Employers' net pension liability	\$ 11,284,872	\$ 8,689,463	\$ 6,517,996

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.

Police Plan:

Plan description - The City of El Reno 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 \$291,857. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$191,424 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 \$273,579. These on-behalf payments did not meet the criteria of a special funding situation.

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Net Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$779,730 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.6789 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$915,461. At June 30, 2021 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	\$ 20,172	\$ 211,754
Changes of assumptions	80,101	
Net difference between projected and actual earnings on pension plan investments	919,960	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,920	21,781
City contributions subsequent to the measurement date	529	5,564
City contributions subsequent to the measurement date	291,857	-
Total	<u>\$ 1,314,539</u>	<u>\$ 239,099</u>

The \$291,857 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2022	\$ 107,604
2023	227,671
2024	294,719
2025	169,668
2026	(16,079)
	<u>\$ 783,583</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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

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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: Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2020, valuation was 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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%

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 <u>6.5%</u>	Current Discount <u>Rate 7.5%</u>	1% Increase <u>8.5%</u>
Employers' net pension liability (asset)	\$ 2,754,472	\$ 779,730	\$ (890,486)

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.

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Employee Plan:

Plan Description-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: 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, 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.

Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/20</u> <u>OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	7 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.25% of final average salary multiplied by credited years of service; if a retiree is a participant in the group annuity contract plan, OkMRF is only responsible for the portion of this benefit in excess of the group annuity contract benefit.
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years of Service	-No benefits

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f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
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g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.
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Employees Covered by Benefit Terms

Active Employees	56
Deferred Vested Former Employees	4
Retirees or Retiree Beneficiaries	<u>31</u>
Total	<u>91</u>

Contribution Requirements-The City Council has the authority to set and 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 7.02% of covered payroll as of July 1, 2020. For the year ended June 30, 2021 the City recognized \$217,231 of employer contributions to the plan which exceeds the actuarially determined amount based on covered payroll of \$3,090,283. Employees' contribution is 4.5% of covered payroll as of July 1, 2020.

Actuarial Assumptions

<u>Date of Last Actuarial Valuation</u>	<u>July 1, 2020</u>
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.50% based on age
d. Inflation Rate	2.75%
e. Mortality Table	PubG-2010 with projected mortality improvement
f. Percent of married employees	100%
g. Spouse age difference	3 years (female spouses younger)
h. 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
i. Date of last experience study	September 2017 for fiscal years 2012 thru 2017

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Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% 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 weighting 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, 2020 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
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%
TOTAL	<u>100%</u>		<u>4.75%</u>

Changes in Net Pension Liability- The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 which is also the measurement date. The total pension liability and the plan net position does not include the fully funded liability of the group annuity contract. 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, 2020 and the City’s report ending date of June 30, 2021, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning of Year	\$ 6,665,845	\$ 5,578,196	\$ 1,087,649
Changes for the Year:			
Service cost	299,954	-	299,954
Interest expense	491,414	-	491,414
Difference between expected and actual experience	(272,338)	-	(272,338)
Changes of assumptions	-	-	-
Contributions--City	-	282,870	(282,870)
Contributions--members	-	162,075	(162,075)
Net investment income	-	240,956	(240,956)
Benefits paid	(231,491)	(231,491)	-
Plan administrative expenses	-	(11,594)	11,594
Net Changes	<u>287,539</u>	<u>442,816</u>	<u>(155,277)</u>
Balances End of Year	<u>\$ 6,953,384</u>	<u>\$ 6,021,012</u>	<u>\$ 932,372</u>

Sensitivity of the net pension liability to changes in the discount rate- The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 1,975,673	\$ 932,372	\$ 98,384

The City reported \$227,516 in pension expense for the year ended June 30, 2021. At June 30, 2021, 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	\$ 127,024	\$ 256,486
Changes of assumptions	176,573	-
Net difference between projected and actual earnings on pension plan investments	140,570	-
Changes in proportion and differences between City contributions and proportionate share of contributions	70,185	338,779
City contributions subsequent to the measurement date	217,231	-
Total	<u>\$ 731,583</u>	<u>\$ 595,265</u>

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Amortization of Pension Deferrals- The \$217,231 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	(29,278)
2023		6,536
2024		(14,131)
2025		(33,194)
2026		(10,846)
	\$	<u>(80,913)</u>

14. Other Postemployment 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 healthcare coverage from the date of retirement to life, provided the participant was covered by the Plan before retiring. The City provides postretirement medical benefits through the Plan if the retiree and spouse pay the full active premium. Participants can elect to medical, dental and vision.

Employees covered by benefit terms - At June 30, 2021 the following employees were covered by the benefit terms:

Active Employees	121
Inactives or beneficiaries currently receiving benefit payments	<u>9</u>
Total	<u>130</u>

Total OPEB Liability – The City’s total OPEB liability of \$1,820,535 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Pay
- Discount Rate – 2.21% and 3.50%, based on June 30, 2021 and June 30, 2020 published Bond Buyer 20-Bond General Obligation Index Rate
- Plan Participation – Assumed 25% of all civilian employees and 50% for police and firefighters. Spouse acceptance rate is assumed to be 50%.
- Retirement Age – civilian rates range from 7% at age 55 to 100% at age 70. Rates for police range from 20% with 20 years of service to 100% with 35 years of service. Rates for firefighters range from 10% with 20 years of service to 100% with 35 years of service.

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- Termination rates – rate of withdrawal is based on the assumption used in the Oklahoma Municipal Retirement fund
- Healthcare cost trend rates - Plan year dependent rates graded from 5.99% in 2019 to 4.87% in 2060
- Mortality Rates - RP-2000 with cohort mortality projection.

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

	Total OPEB Liability
Balances Beginning of Year	<u>\$ 1,634,025</u>
Change for the Year:	
Service cost	129,121
Interest Expense	57,191
Differences between expected and actual experien	13,621
Changes of assumptions	16,412
Benefits paid	<u>(29,835)</u>
Net Changes	<u>186,510</u>
Balances End of Year	<u><u>\$ 1,820,535</u></u>

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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Employers' total OPEB liability	\$ 2,064,989	\$ 1,820,535	\$ 1,608,078

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 5.99% decreasing to 4.87%, 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 (4.99% decreasing to 3.87%) or 1-percentage-point higher (6.99% decreasing to 5.87%) than the current rate:

	1% Decrease (4.99% decreasing to 3.87%)	Healthcare Cost Trend Rates (5.99% decreasing to 4.87%)	1% Increase (6.99% decreasing to 5.87%)
Employers' total OPEB liability	\$ 1,561,592	\$ 1,820,535	\$ 2,138,645

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$154,638. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,236	\$ 76,237
Changes of assumptions	15,924	134,878
Changes in City's proportionate share of contributions	116,960	116,955
Contributions during measurement date	1,237	5,701
Benefit payments subsequent to the measurement date	44,079	-
Total	<u>\$ 190,436</u>	<u>\$ 333,771</u>

The \$44,079 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (31,670)
2023	(31,670)
2024	(31,667)
2025	(31,670)
2026	(31,674)
Thereafter	<u>(29,063)</u>
Total	<u><u>\$(187,414)</u></u>

15. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2021

	GENERAL FUND			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
REVENUES				
Taxes	\$ 10,176,000	\$ 10,578,294	\$ 11,306,323	\$ 728,029
Fees and fines	261,500	261,500	227,209	(34,291)
Licenses and permits	256,325	256,325	725,220	468,895
Intergovernmental	377,000	1,924,640	2,019,918	95,278
Charges for services	62,650	62,650	95,183	32,533
Investment earnings	75,100	75,100	1,173	(73,927)
Miscellaneous	254,121	661,837	760,010	98,173
Transfers from Other Funds	75,000	995,854	995,854	-
Total revenues	11,537,696	14,816,200	16,130,890	1,314,690
EXPENDITURES				
Mayor and Council	58,500	103,500	89,520	13,980
Administration	404,336	445,053	382,367	62,686
Finance	949,824	974,114	815,985	158,129
Police	4,683,547	4,960,489	4,799,043	161,446
Fire	2,980,612	3,262,752	3,069,325	193,427
Library	258,379	283,355	193,394	89,961
Community Development	421,481	449,512	412,264	37,248
Senior Citizens	43,959	45,940	25,302	20,638
Municipal Garage	73,702	96,542	86,074	10,468
Streets	881,560	1,029,643	884,548	145,095
Municipal Court	199,098	209,468	193,650	15,818
Legal	40,425	40,425	32,694	7,731
Swimming Pool	45,285	45,285	25,577	19,708
Cemetery	509,386	243,813	208,563	35,250
Transfers to Other Funds	4,705,000	7,232,386	7,232,386	-
Total Expenditures	16,255,094	19,422,277	18,450,692	971,585
Excess (deficiency) of revenues over expenditures	(4,717,398)	(4,606,077)	(2,319,802)	2,286,275
Net change in fund balances	(4,717,398)	(4,606,077)	(2,319,802)	2,286,275
Fund balances - beginning	5,748,874	11,734,451	7,363,373	(4,371,078)
Fund balances - ending	\$ 1,031,476	\$ 7,128,374	\$ 5,043,571	\$ (2,084,803)

See accompanying footnotes to this schedule.

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. 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 appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
	<hr/>
Total revenue- budgetary basis	\$ 16,130,890
Total expense- budgetary basis	(18,450,692)
	<hr/>
Change in fund balance-budgetary basis	(2,319,802)
Revenue accruals	(144,122)
Expenditures accruals	(2,595,201)
Debt service transfers in	2,884,405
	<hr/>
Change in fund balance-GAAP basis	\$ (2,174,720)
	<hr/>

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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	0.562385%	0.621821%	0.629184%	0.635185%	0.617556%	0.699132%	0.705363%
City's proportionate share of the net pension liability	\$ 5,783,577	\$6,600,066	\$7,686,823	\$7,988,870	\$ 6,951,483	\$ 7,387,488	\$8,689,463
City's covered-employee payroll	\$ 1,552,304	\$1,633,651	\$1,759,957	\$1,805,429	\$ 1,832,339	\$ 2,162,005	\$2,264,167
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	373%	404%	437%	442%	379%	342%	384%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68%	64.87%	66.81%	70.73%	72.85%	69.98%

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

Notes to Schedule:

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

Schedule of City Contributions

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 228,711	\$ 246,394	\$ 252,760	\$ 256,527	\$ 302,681	\$ 316,983	\$ 288,582
Contributions in relation to the statutorily required contribution	228,711	246,394	252,760	256,527	302,681	316,983	288,582
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,633,651	\$ 1,759,957	\$ 1,805,429	\$ 1,832,339	\$2,162,005	\$ 2,264,167	\$2,061,296
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proportionate Share of the Net Pension Liability (Asset)

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	0.5397%	0.5796%	0.5958%	0.6119%	0.6162%	0.6672%	0.6789%
City's proportionate share of the net pension liability (asset)	\$ 181,708	\$ 23,633	\$ 912,472	\$ 47,067	\$ (293,537)	\$ (42,594)	\$ 779,730
City's covered-employee payroll	\$1,512,351	\$1,581,284	\$1,757,138	\$1,825,669	\$1,879,756	\$2,174,777	\$2,273,894
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.01%	1.49%	51.93%	2.58%	-15.62%	-1.96%	34.29%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%

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

Notes to Schedule:

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

Schedule of City Contributions

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 205,473	\$ 228,428	\$ 237,337	\$ 244,359	\$ 282,058	\$ 295,606	\$ 291,857
Contributions in relation to the statutorily required contribution	205,473	228,428	237,337	244,359	282,058	295,606	291,857
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,581,284	\$ 1,757,138	\$ 1,825,669	\$ 1,879,756	\$ 2,174,777	\$ 2,273,894	\$ 2,245,055
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

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Oklahoma Municipal Retirement System

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios

Last 7 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Total pension liability							
Service cost	\$ 240,404	\$ 264,136	\$ 268,287	\$ 276,233	\$ 261,674	\$ 261,799	\$ 299,954
Interest	298,636	308,486	334,368	368,895	392,725	433,355	491,414
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(36,585)	53,687	(98,009)	71,517	122,837	(272,338)
Changes of assumptions	-	-	-	154,546	-	193,929	-
Benefit payments, including refunds of member contributions	(150,337)	(193,559)	(210,870)	(210,812)	(240,119)	(243,865)	(231,491)
Benefit changes due to plan amendments	-	-	-	-	57,769	-	-
Net change in total pension liability	388,703	342,478	445,472	490,853	543,566	768,055	287,539
Total pension liability - beginning	3,686,718	4,075,421	4,417,899	4,863,371	5,354,224	5,897,790	6,665,845
Total pension liability - ending (a)	\$ 4,075,421	\$ 4,417,899	\$ 4,863,371	\$ 5,354,224	\$ 5,897,790	\$ 6,665,845	\$ 6,953,384
Plan fiduciary net position							
Contributions - employer	\$ 253,488	\$ 260,476	\$ 268,569	\$ 292,173	\$ 270,735	\$ 751,917	\$ 282,870
Contributions - member	131,503	135,201	139,395	151,647	140,360	154,313	162,075
Net investment income	395,694	86,612	33,605	443,792	307,167	330,547	240,956
Benefit payments, including refunds of member contributions	(150,337)	(193,559)	(210,870)	(210,812)	(240,119)	(243,865)	(231,491)
Administrative expense	(5,898)	(6,286)	(6,531)	(7,690)	(9,194)	(9,637)	(11,594)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	624,450	282,444	224,168	669,110	468,949	983,275	442,816
Plan fiduciary net position - beginning	2,325,800	2,950,250	3,232,694	3,456,862	4,125,972	4,594,921	5,578,196
Plan fiduciary net position - ending (b)	\$ 2,950,250	\$ 3,232,694	\$ 3,456,862	\$ 4,125,972	\$ 4,594,921	\$ 5,578,196	\$ 6,021,012
Net pension liability - ending (a) - (b)	\$ 1,125,171	\$ 1,185,205	\$ 1,406,509	\$ 1,228,252	\$ 1,302,869	\$ 1,087,649	\$ 932,372
Plan fiduciary net position as a percentage of the total pension liability	72.39%	73.17%	71.08%	77.06%	77.91%	83.68%	86.59%
Covered employee payroll	\$ 2,924,835	\$ 3,022,811	\$ 3,095,346	\$ 3,247,280	\$ 3,127,307	\$ 3,409,889	\$ 3,615,611
Net pension liability as a percentage of covered-employee payroll	38.47%	39.21%	45.44%	37.82%	41.66%	31.90%	25.79%

Notes to Schedule:

Only the seven most recent fiscal years are presented because 10-year data is not yet available.

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Oklahoma Municipal Retirement System

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last 7 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 256,939	\$ 268,366	\$ 266,602	\$ 247,370	\$ 269,722	\$ 285,995	\$ 222,500
Contributions in relation to the actuarially determined contribution	260,481	268,568	281,539	327,565	295,687	286,090	217,231
Contribution deficiency (excess)	<u>\$ (3,542)</u>	<u>\$ (202)</u>	<u>\$ (14,937)</u>	<u>\$ (80,195)</u>	<u>\$ (25,965)</u>	<u>\$ (95)</u>	<u>\$ 5,269</u>
Covered employee payroll	\$ 3,022,811	\$ 3,095,346	\$ 3,247,280	\$ 3,127,307	\$ 3,409,889	\$ 3,615,611	\$ 3,090,283
Contributions as a percentage of covered-employee payroll	8.62%	8.68%	8.67%	10.47%	8.67%	7.91%	7.03%

Notes to Schedule:

- Only the seven most recent fiscal years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2020
- Actuarially determined contribution rate is calculated as of July 1, 2020 through June 2021 contributions were at a rate of 7.02%
- Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 30 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 5 years
 - Recognition method - Non-asymptotic
 - Corridor - 30% - 30%
 - Salary increases - 4.50% to 7.50% (varies by attained age)
 - Investment rate of return - 7.50%

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Other Postemployment Benefits

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 132,556	\$ 117,070	\$ 118,295	\$ 129,121
Interest	41,380	57,992	60,311	57,191
Change in assumptions	(137,696)	(84,455)	1,495	16,412
Differences between expected and actual experience	-	(13,309)	(84,960)	13,621
Benefit payments, including refunds of member contributions	(28,694)	(21,682)	(19,552)	(29,835)
Net change in total OPEB liability	7,546	55,616	75,589	186,510
Total OPEB liability - beginning	1,495,274	1,502,820	1,558,436	1,634,025
Total OPEB liability - ending (a)	\$ 1,502,820	\$ 1,558,436	\$ 1,634,025	\$ 1,820,535
 Covered employee payroll	 \$ 6,890,000	 \$ 6,740,000	 \$ 8,382,000	 \$ 7,595,000
 Total OPEB liability as a percentage of covered- employee payroll	 21.81%	 23.12%	 19.49%	 23.97%

Notes to Schedule:

Only the four years are presented because 10-year data is not yet available.

The discount rate used for June 30, 2020 is 2.21% which represents a change in assumption from the June 30, 2020 rate of 3.50%
The total OPEB liability for fiscal year 2021 was measured as of June 30, 2021.

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021

	<u>Police Fund</u> <u>(204)</u>	<u>CDBG Fund</u> <u>(211)</u>	<u>Police</u> <u>Evidence</u> <u>Fund (202)</u>	<u>Cemetery Care</u> <u>Fund (208)</u>	<u>Hotel Motel</u> <u>Occupancy</u> <u>Surcharge Fund</u>	<u>Safety Sales</u> <u>Tax 1/4 Cent</u> <u>Fund (616)</u>	<u>Sidewalk</u> <u>fund (423)</u>	<u>Infrastructure</u> <u>Fund (420)</u>	<u>Drainage</u> <u>Improvement</u> <u>Fund (422)</u>	<u>Capital</u> <u>Improvement</u> <u>Fund (425)</u>	<u>Tax Increment</u> <u>Fund (217)</u>	<u>Library</u> <u>Endowment</u> <u>(215)</u>	<u>Cemetery</u> <u>Perpetual (820)</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS														
Cash and cash equivalents	\$ 265,402	\$ 7,360	\$ 3,741	\$ 203,742	\$ 784,539	\$ 286,107	\$ 60,608	\$ -	\$ 3,082	\$ 72,118	\$ -	\$ 736	\$ 136,801	\$ 1,824,236
Investments	-	-	-	-	-	-	-	-	-	-	-	31,510	27,837	59,347
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	7,360	-	-	-	80,369	-	-	-	-	-	-	-	87,729
Franchise tax receivable	7,718	-	-	-	-	-	-	-	-	-	-	-	-	7,718
Total assets	<u>273,120</u>	<u>14,720</u>	<u>3,741</u>	<u>203,742</u>	<u>784,539</u>	<u>366,476</u>	<u>60,608</u>	<u>-</u>	<u>3,082</u>	<u>72,118</u>	<u>-</u>	<u>32,246</u>	<u>164,638</u>	<u>1,979,030</u>
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable	12,838	7,360	-	-	172	-	-	-	-	-	-	-	-	20,370
Accrued payroll payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>12,838</u>	<u>7,360</u>	<u>-</u>	<u>-</u>	<u>172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,370</u>
Deferred Inflows of resources:														
Deferred revenue	-	7,360	-	-	-	-	-	-	-	-	-	-	-	7,360
Fund balances:														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	31,050	151,889	182,939
Restricted	249,424	-	3,741	38,042	686,672	366,476	60,608	-	3,082	72,111	-	202	12,749	1,493,107
Committed	-	-	-	41,206	-	-	-	-	-	-	-	-	-	41,206
Assigned	10,858	-	-	124,494	97,695	-	-	-	-	7	-	994	-	234,048
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balance	<u>260,282</u>	<u>-</u>	<u>3,741</u>	<u>203,742</u>	<u>784,367</u>	<u>366,476</u>	<u>60,608</u>	<u>-</u>	<u>3,082</u>	<u>72,118</u>	<u>-</u>	<u>32,246</u>	<u>164,638</u>	<u>1,951,300</u>
Total liabilities and fund balance	<u>\$ 273,120</u>	<u>\$ 14,720</u>	<u>\$ 3,741</u>	<u>\$ 203,742</u>	<u>\$ 784,539</u>	<u>\$ 366,476</u>	<u>\$ 60,608</u>	<u>\$ -</u>	<u>\$ 3,082</u>	<u>\$ 72,118</u>	<u>\$ -</u>	<u>\$ 32,246</u>	<u>\$ 164,638</u>	<u>\$ 1,979,030</u>

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As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2021

	<u>Police Fund (204)</u>	<u>CDBG Fund (211)</u>	<u>Police Evidence Fund (202)</u>	<u>Cemetery Care Fund (208)</u>	<u>Hotel Motel Occupancy Surcharge (203)</u>	<u>Safety Sales Tax 1/4 Cent Fund (616)</u>	<u>Sidewalk fund (423)</u>	<u>Infrastructure Fund (420)</u>	<u>Drainage Improvement Fund (422)</u>	<u>Capital Improvement Fund (425)</u>	<u>Tax Increment Fund (217)</u>	<u>Library Endowment (215)</u>	<u>Cemetery Perpetual (820)</u>	<u>Total-Other Governmental Funds</u>
REVENUES														
Taxes	\$ 58,795	\$ -	\$ -	\$ -	\$ 261,878	\$ 590,222	\$ -	\$ -	\$ -	\$ -	\$ 103,317	\$ -	\$ -	\$ 1,014,212
Intergovernmental	13,925	106,508	-	-	-	-	-	-	-	-	-	-	-	120,433
Licenses and permits	-	-	-	-	-	-	39,547	-	-	-	-	-	-	39,547
Charges for services	-	-	-	38,468	-	-	-	-	-	30,662	-	-	-	69,130
Fines and forfeitures	72,370	-	3,741	-	-	-	-	-	-	-	-	-	-	76,111
Investment income	31	10	-	25	101	34	-	9	-	7	1	35	49	302
Total revenues	<u>145,121</u>	<u>106,518</u>	<u>3,741</u>	<u>38,493</u>	<u>261,979</u>	<u>590,256</u>	<u>39,547</u>	<u>9</u>	<u>-</u>	<u>30,669</u>	<u>103,318</u>	<u>35</u>	<u>49</u>	<u>1,319,735</u>
EXPENDITURES														
Current:														
Public Safety	127,207	-	-	-	-	229,800	-	-	-	-	-	-	-	357,007
General government	-	7,360	-	-	205,631	-	-	-	-	-	51,279	-	-	264,270
Capital Outlay	-	367,056	-	-	-	-	13,558	-	-	-	-	-	-	380,614
Debt Service:														
Principal	-	-	-	-	-	145,278	-	-	-	-	-	-	-	145,278
Interest	-	-	-	-	-	10,361	-	-	-	-	-	-	-	10,361
Total Expenditures	<u>127,207</u>	<u>374,416</u>	<u>-</u>	<u>-</u>	<u>205,631</u>	<u>385,439</u>	<u>13,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,279</u>	<u>-</u>	<u>-</u>	<u>1,157,530</u>
Excess (deficiency) of revenues over expenditures	<u>17,914</u>	<u>(267,898)</u>	<u>3,741</u>	<u>38,493</u>	<u>56,348</u>	<u>204,817</u>	<u>25,989</u>	<u>9</u>	<u>-</u>	<u>30,669</u>	<u>52,039</u>	<u>35</u>	<u>49</u>	<u>162,205</u>
OTHER FINANCING SOURCES (USES)														
Transfers in	-	19,719	-	-	-	-	-	-	-	-	-	-	-	19,719
Transfers out	-	-	-	-	-	(270,000)	-	(92,945)	-	-	(52,039)	-	-	(414,984)
Total other financing sources and uses	<u>-</u>	<u>19,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,000)</u>	<u>-</u>	<u>(92,945)</u>	<u>-</u>	<u>-</u>	<u>(52,039)</u>	<u>-</u>	<u>-</u>	<u>(395,265)</u>
Net change in fund balance	17,914	(248,179)	3,741	38,493	56,348	(65,183)	25,989	(92,936)	-	30,669	-	35	49	(233,060)
Fund balance - beginning	242,368	248,179	-	165,249	728,019	431,659	34,619	92,936	3,082	41,449	-	32,211	164,589	2,184,360
Fund balance - ending	<u>\$ 260,282</u>	<u>\$ -</u>	<u>\$ 3,741</u>	<u>\$ 203,742</u>	<u>\$ 784,367</u>	<u>\$ 366,476</u>	<u>\$ 60,608</u>	<u>\$ -</u>	<u>\$ 3,082</u>	<u>\$ 72,118</u>	<u>\$ -</u>	<u>\$ 32,246</u>	<u>\$ 164,638</u>	<u>\$ 1,951,300</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – General Fund Accounts – June 30, 2021

	<u>General Fund</u>	<u>Royalties Fund (201)</u>	<u>Sales Tax 1/4 Cent Account (415)</u>	<u>Sales Tax Reserve Account (612)</u>	<u>Cemetery Everlasting Care Account (821)</u>	<u>Gifts and Contributions Account (210)</u>	<u>Total General Fund Accounts</u>
ASSETS							
Cash and cash equivalents	\$ 7,097,065	\$ 3,697,167	\$ 1,014,808	\$ 2,863,114	\$ 118,318	\$ 213,583	\$ 15,004,055
Investments	59,554	-	-	-	58,129	-	117,683
Due from other funds	33,969	-	-	-	-	-	33,969
Due from other governments	1,397,957	-	80,369	-	-	-	1,478,326
Franchise tax receivable	83,522	-	-	1,454,153	-	-	1,537,675
Court fine receivable, net	533,692	-	-	-	-	-	533,692
Total assets	<u>9,205,759</u>	<u>3,697,167</u>	<u>1,095,177</u>	<u>4,317,267</u>	<u>176,447</u>	<u>213,583</u>	<u>18,705,400</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE							
Liabilities:							
Accounts payable	57,503	-	-	-	-	275	57,778
Accrued payroll payable	557,261	-	-	-	-	-	557,261
Due to other funds	764,024	-	-	-	-	-	764,024
Due to other governments	33,455	-	-	-	-	-	33,455
Refundable court bonds	5,527	-	-	-	-	-	5,527
Total liabilities	<u>1,417,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>1,418,045</u>
Deferred inflows of resources:							
Deferred revenue	<u>512,844</u>	<u>-</u>	<u>-</u>	<u>1,454,153</u>	<u>-</u>	<u>-</u>	<u>1,966,997</u>
Fund Balance:							
Restricted	1,433,306	-	1,095,177	-	169,329	73,179	2,770,991
Committed	-	-	-	-	-	140,129	140,129
Assigned	3,785,869	3,697,167	-	-	7,118	-	7,490,154
Unassigned	2,055,970	-	-	2,863,114	-	-	4,919,084
Total fund balance	<u>7,275,145</u>	<u>3,697,167</u>	<u>1,095,177</u>	<u>2,863,114</u>	<u>176,447</u>	<u>213,308</u>	<u>15,320,358</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 9,205,759</u>	<u>\$ 3,697,167</u>	<u>\$ 1,095,177</u>	<u>\$ 4,317,267</u>	<u>\$ 176,447</u>	<u>\$ 213,583</u>	<u>\$ 18,705,400</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Royalties Fund (201)</u>	<u>Sales Tax 1/4 Cent Account (415)</u>	<u>Emergency Reserve Fund (612)</u>	<u>Cemetery Everlasting Care Account (821)</u>	<u>Gifts and Contributions Account (210)</u>	<u>Total General Fund Accounts</u>
REVENUES							
Taxes	\$ 10,431,053	\$ -	\$ 590,222	\$ -	\$ -	\$ -	\$ 11,021,275
Intergovernmental	2,742,754	-	-	1,797,509	-	-	4,540,263
Licenses and permits	725,035	-	-	-	-	-	725,035
Charges for services	93,386	-	-	-	14,100	-	107,486
Fines and forfeitures	234,169	-	-	-	-	-	234,169
Investment income	1,277	-	103	-	78	36	1,494
Royalties	427,129	2,472,663	-	-	-	-	2,899,792
Miscellaneous	336,113	-	-	172,461	-	13,438	522,012
Total revenues	<u>14,990,916</u>	<u>2,472,663</u>	<u>590,325</u>	<u>1,969,970</u>	<u>14,178</u>	<u>13,474</u>	<u>20,051,526</u>
EXPENDITURES							
Current:							
General government	1,810,657	-	-	1,628,409	-	411	3,439,477
Public Safety	8,915,960	-	-	-	-	6,360	8,922,320
Streets	849,270	-	-	-	-	-	849,270
Culture, parks, and recreation	462,970	-	-	-	-	12,254	475,224
Capital outlay	113,926	-	28,765	-	-	20,263	162,954
Debt Service:							
Principal	2,300,700	-	-	-	-	-	2,300,700
Interest	511,350	-	-	-	-	-	511,350
Total Expenditures	<u>14,964,833</u>	<u>-</u>	<u>28,765</u>	<u>1,628,409</u>	<u>-</u>	<u>39,288</u>	<u>16,661,295</u>
Excess (deficiency) of revenues over expenditures	<u>26,083</u>	<u>2,472,663</u>	<u>561,560</u>	<u>341,561</u>	<u>14,178</u>	<u>(25,814)</u>	<u>3,390,231</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,061,444	-	-	-	-	-	3,061,444
Transfers out	(4,028,368)	(9,375)	(550,000)	(59,701)	-	(53,000)	(4,700,444)
Intracount transfers	(1,233,879)	1,233,879	-	-	-	-	-
Total other financing sources and uses	<u>(2,200,803)</u>	<u>1,224,504</u>	<u>(550,000)</u>	<u>(59,701)</u>	<u>-</u>	<u>(53,000)</u>	<u>(1,639,000)</u>
Net change in fund balances	(2,174,720)	3,697,167	11,560	281,860	14,178	(78,814)	1,751,231
Fund balances - beginning	9,449,865	-	1,083,617	2,581,254	162,269	292,122	13,569,127
Fund balances - ending	<u>\$ 7,275,145</u>	<u>\$ 3,697,167</u>	<u>\$ 1,095,177</u>	<u>\$ 2,863,114</u>	<u>\$ 176,447</u>	<u>\$ 213,308</u>	<u>\$ 15,320,358</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Net Position – El Reno Municipal Trust Authority (ERMA) – June 30, 2021

	<u>EREF</u>	<u>ERMA Sales Tax</u>	<u>Utility Deposit</u>	<u>Waterline Loop RAD-Jenson- HWY 81</u>	<u>MA Cleanwater SRF (614)</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,032,729	\$ 5,552,904	\$ -	\$ 151,285	\$ -	\$ 11,736,918
Restricted cash and cash equivalents	500,922	-	301,287	-	-	802,209
Investments	10,652	4,504,153	-	-	-	4,514,805
Due from other funds	-	764,024	-	-	-	764,024
Inventory	10,021	-	-	-	-	10,021
Accounts receivable, net	1,068,199	-	-	-	-	1,068,199
Total current assets	<u>7,622,523</u>	<u>10,821,081</u>	<u>301,287</u>	<u>151,285</u>	<u>-</u>	<u>18,896,176</u>
Non-current assets:						
Restricted investments	-	-	125,376	-	-	125,376
Capital Assets:						
Land and construction in progress	907,742	-	-	-	-	907,742
Other capital assets, net of accumulated depreciation	37,615,729	-	-	-	-	37,615,729
Total non-current assets	<u>38,523,471</u>	<u>-</u>	<u>125,376</u>	<u>-</u>	<u>-</u>	<u>38,648,847</u>
Total assets	<u>46,145,994</u>	<u>10,821,081</u>	<u>426,663</u>	<u>151,285</u>	<u>-</u>	<u>57,545,023</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to pensions	107,949	-	-	-	-	107,949
Deferred amounts related to OPEB	19,834	-	-	-	-	19,834
Deferred amount on refunding	68,910	-	-	-	-	68,910
Total deferred outflow of resources	<u>196,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,693</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	112,226	-	-	-	-	112,226
Accrued payroll payable	56,506	-	-	-	-	56,506
Accrued interest payable	201,302	-	-	-	-	201,302
Current portion of:						
Notes payable	269,052	-	-	-	-	269,052
Revenue bonds payable	490,050	-	-	-	-	490,050
Accrued compensated absences	6,345	-	-	-	-	6,345
Total current liabilities	<u>1,135,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135,481</u>
Non-current liabilities:						
Deposits subject to refund	29,709	-	425,805	-	-	455,514
Notes payable	22,662,855	-	-	-	-	22,662,855
Revenue bonds payable, net	2,068,950	-	-	-	-	2,068,950
Accrued compensated absences	57,102	-	-	-	-	57,102
Total OPEB liability	124,939	-	-	-	-	124,939
Net pension liability	148,845	-	-	-	-	148,845
Total non-current liabilities	<u>25,092,400</u>	<u>-</u>	<u>425,805</u>	<u>-</u>	<u>-</u>	<u>25,518,205</u>
Total liabilities	<u>26,227,881</u>	<u>-</u>	<u>425,805</u>	<u>-</u>	<u>-</u>	<u>26,653,686</u>
DEFERRED INFLOW OF RESOURCES						
Deferred amounts related to pension	134,333	-	-	-	-	134,333
Deferred amounts related to OPEB	44,542	-	-	-	-	44,542
Total deferred inflow of resources	<u>178,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,875</u>
NET POSITION						
Net investment in capital assets	13,032,564	-	-	-	-	13,032,564
Restricted for debt service	270,769	-	-	-	-	270,769
Unrestricted	6,632,598	10,821,081	858	151,285	-	17,605,822
Total net position	<u>\$ 19,935,931</u>	<u>\$ 10,821,081</u>	<u>\$ 858</u>	<u>\$ 151,285</u>	<u>\$ -</u>	<u>\$ 30,909,155</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Revenues, Expenses, and Changes in Net Position – El Reno Municipal Trust Authority - Year Ended June 30, 2021

	<u>EREF</u>	<u>ERMA Sales Tax</u>	<u>Utility Deposit</u>	<u>Waterline Loop RAD-Jenson-</u>	<u>MA Cleanwater SRF (614)</u>	<u>Total</u>
OPERATING REVENUES						
Water charges	\$ 4,187,299	\$ -	\$ -	\$ -	\$ -	\$ 4,187,299
Sewer charges	2,111,691	-	-	-	-	2,111,691
Sanitation	1,045,526	-	-	-	-	1,045,526
Water and sewer taps	186,887	-	-	-	-	186,887
Transfer fees	3,775	-	-	-	-	3,775
Returned check charges	800	-	-	-	-	800
Cut off charges	25,012	-	-	-	-	25,012
Penalties	99,281	-	-	-	-	99,281
Miscellaneous	41,832	-	-	-	-	41,832
Total operating revenues	<u>7,702,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,702,103</u>
OPERATING EXPENSES						
Managerial	295,747	-	-	-	-	295,747
Administration	265,632	-	-	-	-	265,632
Billing	871,897	-	-	-	-	871,897
Water Plant	2,128,297	-	-	-	-	2,128,297
Wastewater	1,014,832	-	-	-	-	1,014,832
Depreciation expense	2,308,559	-	-	-	-	2,308,559
Total Operating Expenses	<u>6,884,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,884,964</u>
Operating income	<u>817,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>817,139</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	962	23,942	-	-	-	24,904
Loss on sale of capital asset	(69,998)	-	-	-	-	(69,998)
Interest expense and fiscal charges	(716,504)	-	-	-	-	(716,504)
Total non-operating revenue (expenses)	<u>(785,540)</u>	<u>23,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(761,598)</u>
Income (loss) before contributions and transfers	<u>31,599</u>	<u>23,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,541</u>
Capital contributions from governmental funds	65,246	-	-	-	-	65,246
Transfers in	170,945	3,687,584	-	-	-	3,858,529
Transfers out	-	(4,075,323)	-	-	-	(4,075,323)
Change in net position	<u>825,107</u>	<u>(921,114)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,007)</u>
Total net position - beginning	<u>19,110,824</u>	<u>11,742,195</u>	<u>858</u>	<u>151,285</u>	<u>-</u>	<u>31,005,162</u>
Total net position - ending	<u>\$ 19,935,931</u>	<u>\$ 10,821,081</u>	<u>\$ 858</u>	<u>\$ 151,285</u>	<u>\$ -</u>	<u>\$ 30,909,155</u>

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Schedule of Expenditures of State Awards – Year Ended June 30, 2021

State Grantor/Pass Thru Agency Grantor/Program Title	Project or Award Number	Award Amount	Awards Expended
STATE AWARDS:			
OKLAHOMA AERONAUTICS COMMISSION Airport Improvement Program- Rehab of apron	OAC Project # RQO-19-S	169,703	131,705
Total State Awards		<u>\$ 169,703</u>	<u>\$ 131,705</u>

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is prepared on the accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Schedule of Debt Service Coverage Requirements – Year Ended June 30, 2021

GROSS REVENUE AVAILABLE:	
Pledged operating revenues (water and sewer systems)	\$ 6,629,039
Investment income	25,952
	<hr/>
Total Gross Revenue Available	6,654,991
	<hr/>
OPERATING EXPENDITURES:	
Total Operating Expenses (water and sewer systems, excluding depreciation and amortization)	3,774,149
	<hr/>
Net Revenue Available for Debt Service	\$ 2,880,842
	<hr/>
Maximum Annual Debt Service:	
Series 2002A Drinking Water SRF Promissory Note	94,407
Series 2002C Clean Water SRF Promissory Note	39,734
Series 2003A Drinking Water SRF Promissory Note	32,688
Series 2010 Drinking Water SRF Promissory Note	161,591
Series 2014 Clean Water SRF Promissory Note	607,058
Total Annual Debt Service on Revenues of the Systems	\$ 935,478
	<hr/>
Computed Coverage	308%
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Coverage Requirement	125%
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