



CITY OF EL RENO, OKLAHOMA

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

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

THE CITY OF EL RENO, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
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**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

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

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is 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 22, 2020 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 22, 2020

**CITY OF EL RENO, OKLAHOMA
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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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2020, the City's total net position increased by \$656,829 or 1% from the prior year.
- During the year, the City's expenses for governmental activities were \$19 million and were funded by program revenues of \$3.2 million and further funded with taxes and other general revenues that totaled \$14 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 (\$2,116,336).
- Sales and use taxes decreased by approximately (\$9.7) million or 41% over the prior fiscal year.
- At June 30, 2020, the General Fund reported an unassigned fund balance of \$4.7 million, which is a decrease of \$4.5 million or 49% from the prior year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$2.2 million or 12%, while expenditures were under the final appropriations by approximately \$3.4 million or 13%.

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, airpark 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.

Fiduciary funds – When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or others parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance operations.

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 \$78 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total		% Inc. (Dec.)		
	2020	2019	2020	2019	2020	2019			
Current assets	\$ 19,014	\$ 23,132	-18%	\$ 27,437	\$ 28,744	-5%	\$ 46,451	\$ 51,876	-10%
Capital assets, net	38,932	36,208	8%	52,438	49,891	5%	91,370	86,099	6%
Other non-current assets	43	762	-94%	-	-	-	43	762	-94%
Total assets	57,989	60,102	-4%	79,875	78,635	2%	137,864	138,737	-1%
Deferred outflow of resources	4,561	3,962	15%	352	303	16%	4,913	4,265	15%
Current liabilities	5,077	3,365	51%	2,099	2,440	-14%	7,176	5,805	24%
Non-current liabilities	25,017	26,743	-6%	30,657	31,776	-4%	55,674	58,519	-5%
Total liabilities	30,094	30,108	-	32,756	34,216	-4%	62,850	64,324	-2%
Deferred inflow of resources	1,780	1,284	39%	322	225	43%	2,102	1,509	39%
Net position									
Net investment in capital assets	22,571	18,080	25%	26,332	22,468	17%	48,903	40,548	21%
Restricted	4,045	5,556	-27%	320	-	-	4,365	5,556	-21%
Unrestricted	4,060	9,035	55%	20,497	21,829	-6%	24,557	30,864	-20%
Total net position	\$ 30,676	\$ 32,671	-6%	\$ 47,149	\$ 44,297	6%	\$ 77,825	\$ 76,968	1%

The largest portion of the City’s net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2020, this net investment in capital assets amounted to \$48.9 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.

(Unaudited. See accompanying auditor’s report.)

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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.

The decrease in other non-current assets for governmental activities is due to the City receiving the forfeiture money that was recorded as a net pension asset in the prior year. This was held in the Cities fiduciary fund which is the Pension Trust Fund.

The decrease in governmental activities net position is due to a decrease in sales tax from the prior year. The City had a decrease of approximately \$9.7 million. This is also the reason for the decrease in net position and the current assets for the governmental activities.

Changes in Net Position

For the year ended June 30, 2020, 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.)
	2020	2019		2020	2019		2020	2019	
Revenues									
Charges for service	\$ 1,467	\$ 1,810	-19%	\$ 8,162	\$ 9,805	-17%	\$ 9,629	\$ 11,615	-17%
Operating grants and contributions	1,631	1,454	12%	46	-	100%	1,677	1,454	15%
Capital grants and contributions	74	540	-86%	284	862	-67%	358	1,402	-74%
Taxes	15,420	25,471	-39%	-	-	-	15,420	25,471	-39%
Intergovernmental revenue	228	234	-3%	-	-	-	228	234	-3%
Investment income	186	342	-46%	338	285	19%	524	627	-16%
Royalties	1,375	349	294%	433	82	428%	1,808	431	319%
Miscellaneous	671	242	177%	123	11	1,018%	794	253	214%
Gain on disposal	-	-	-	-	110	-100%	-	110	-100%
Total revenues	21,052	30,442	-31%	9,386	11,155	-16%	30,438	41,597	-27%
Expenses									
General government	2,896	2,960	-2%	-	-	-	2,896	2,960	-2%
Public safety	11,504	9,701	19%	-	-	-	11,504	9,701	19%
Streets	2,589	2,276	14%	-	-	-	2,589	2,276	14%
Culture, parks and recreation	1,688	1,269	33%	-	-	-	1,688	1,269	33%
Interest on long-term debt	496	674	-26%	-	-	-	496	674	-26%
Water	-	-	-	3,780	3,404	11%	3,780	3,404	11%
Wastewater	-	-	-	3,136	2,942	7%	3,136	2,942	7%
Sanitation	-	-	-	802	740	8%	802	740	8%
Golf	-	-	-	986	896	10%	986	896	10%
Park	-	-	-	520	360	44%	520	360	44%
Airport	-	-	-	761	754	1%	761	754	1%
Hospital	-	-	-	623	632	-1%	623	632	-1%
Total expenses	19,173	16,880	14%	10,608	9,728	9%	29,781	26,608	12%
Excess (deficiency) before transfers	1,879	13,562	-86%	(1,222)	1,427	-186%	657	14,989	-96%
Transfers	(3,874)	(7,435)	-48%	3,874	7,435	-48%	-	-	-
Increase (decrease) in net position	\$ (1,995)	\$ 6,127	-133%	\$ 2,652	\$ 8,862	-70%	\$ 657	\$ 14,989	-96%

The increase in royalty revenue for governmental and business-type activities of approximately \$1.4 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 (\$9.7) million dollars in the current year. This is due to the decrease in the oil and gas industry in the City limits.

Miscellaneous revenue had an increase in Governmental and Business-type activities due to receiving the forfeiture money that was held in the Pension Trust Fund, a Fiduciary Fund of the City.

The hospital had a decrease in revenue due to the settlement they received in the prior year from Mercy Hospital. This also contributes to the net expense shown now.

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.)		
	2020			2019				
	2020	2019		2020	2019			
General government	\$ 2,896	\$ 2,960	-2%	\$ (1,763)	\$ (1,810)	-3%		
Public safety	11,504	9,701	19%	(9,962)	(8,145)	22%		
Streets	2,589	2,275	14%	(2,406)	(1,718)	40%		
Culture, parks and recreation	1,688	1,269	33%	(1,376)	(729)	89%		
Interest on long-term debt	496	674	-26%	(495)	(675)	-27%		
Total	\$ 19,173	\$ 16,879	14%	\$ (16,002)	\$ (13,077)	22%		

For the year ended June 30, 2020, total expenses for governmental activities amounted to approximately \$19.2 million which is an increase of \$2.3 million from the prior year.

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.		
	2020			2019				
	2020	2019		2020	2019			
Water	\$ 3,780	\$ 3,404	11%	\$ 534	\$ 826	-35%		
Wastewater	3,136	2,942	7%	(1,148)	(472)	143%		
Sanitation	802	740	8%	202	223	-9%		
Golf	986	895	10%	(567)	(415)	37%		
Park	520	360	44%	(321)	(195)	65%		
Airport	761	754	1%	(193)	201	-196%		
Hospital	623	632	-1%	(623)	772	-181%		
Total	\$ 10,608	\$ 9,727	9%	\$ (2,116)	\$ 940	-325%		

(Unaudited. See accompanying auditor's report.)

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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 (\$2.1) million for the year ended June 30, 2020.
- Water and sanitation activities reported net revenue for the year ended June 30, 2020, 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 2020 fiscal year, the governmental funds reported a combined fund balance of \$16 million or a 26% decrease from the prior year. The enterprise funds reported combined net position of \$47.1 million or a 6% increase from 2019.

Other fund highlights include:

- For the year ended June 30, 2020, the General Fund total fund balance decreased by \$4.5 million or 25% due to the decrease in sales tax 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 .34% or \$61,400 and an increase in appropriations of 15% or \$3.5 million. Actual revenues were under estimates by \$2.2 million or 12%, while expenditures were under final appropriations by \$3.4 million or 13%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the City had approximately \$91.4 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).

(Unaudited. See accompanying auditor's report.)

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019		
Land	\$ 1,380	\$ 1,370	\$ 2,030	\$ 841	\$ 3,410	\$ 2,211
Buildings	14,675	14,025	20,765	21,736	35,440	35,761
Imp. other than buildings	2,942	3,253	3,632	3,738	6,574	6,991
Machinery, furniture and equipment	2,792	2,631	1,970	2,103	4,762	4,734
Infrastructure	16,702	12,944	-	-	16,702	12,944
Intangible water rights	-	-	135	139	135	139
Utility property	-	-	19,994	19,927	19,994	19,927
Construction in progress	441	1,984	3,911	1,406	4,352	3,390
Totals	\$ 38,932	\$ 36,207	\$ 52,437	\$ 49,890	\$ 91,369	\$ 86,097

This year's more significant capital asset additions included:

Various street improvements
 Sutphen Fire Rescue Pumper
 Lime Slakers Waterplant
 Healthplex land

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 \$49.4 million in long-term debt outstanding which represents a \$2.9 million or 6% decrease 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	Percentage Change		
	Activities		Activities					
	2020	2019	2020	2019				
Accrued absences	\$ 1,703	\$ 1,630	\$ 107	\$ 85	\$ 1,810	\$ 1,715	6%	
Insurance claims liability	76	40	-	-	76	40	90%	
Revenue bonds	16,065	18,128	7,438	8,392	23,503	26,520	-11%	
Notes payable	-	-	23,244	23,553	23,244	23,553	-1%	
Deposits subject to refund	-	-	433	419	433	419	3%	
Capital leases	296	-	-	-	296	-	100%	
Totals	\$ 18,140	\$ 19,798	\$ 31,222	\$ 32,449	\$ 49,362	\$ 52,247	-6%	

(Unaudited. See accompanying auditor's report.)

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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.

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
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Statement of Net Position— June 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 15,702,778	\$ 19,717,487	\$ 35,420,265
Investments	177,030	4,997,648	5,174,678
Accounts receivable, net of allowance	5,206	1,760,333	1,765,539
Franchise tax receivable	92,214	-	92,214
Court fine receivable, net of allowance	505,299	-	505,299
Internal balances	(730,055)	730,055	-
Due from other governments	3,261,493	67,208	3,328,701
Inventory	-	39,106	39,106
Restricted investments	-	125,376	125,376
Net pension asset	42,594	-	42,594
Capital assets:			
Land and construction in progress	1,820,944	5,940,250	7,761,194
Other capital assets, net of depreciation	37,111,568	46,497,480	83,609,048
Total Capital Assets	<u>38,932,512</u>	<u>52,437,730</u>	<u>91,370,242</u>
Total Assets	<u>57,989,071</u>	<u>79,874,943</u>	<u>137,864,014</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	3,824,732	213,331	4,038,063
Deferred amounts related to OPEB	95,017	61,537	156,554
Deferred amounts related to refunding	641,416	77,348	718,764
Total deferred outflows of resources	<u>4,561,165</u>	<u>352,216</u>	<u>4,913,381</u>
LIABILITIES			
Accounts payable	171,875	648,091	819,966
Accrued payroll liabilities	464,155	82,212	546,367
Accrued interest payable	216,638	227,231	443,869
Due to other governments	3,481	-	3,481
Refundable court bonds	6,225	-	6,225
Unearned revenue	1,565,573	736	1,566,309
Long-term liabilities:			
Due within one year	2,649,404	1,140,504	3,789,908
Due in more than one year	15,491,111	30,073,908	45,565,019
Total OPEB liability	<u>1,343,871</u>	<u>290,154</u>	<u>1,634,025</u>
Net pension liability	<u>8,181,769</u>	<u>293,368</u>	<u>8,475,137</u>
Total liabilities	<u>30,094,102</u>	<u>32,756,204</u>	<u>62,850,306</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,565,387	160,404	1,725,791
Deferred amounts related to OPEB	214,688	161,152	375,840
Total deferred inflows of resources	<u>1,780,075</u>	<u>321,556</u>	<u>2,101,631</u>
NET POSITION			
Net investment in capital assets	22,570,852	26,332,118	48,902,970
Restricted for:			
Public Safety	663,200	-	663,200
Capital Outlay	102,961	-	102,961
Debt Service	1,129,619	320,153	1,449,772
Recreation, Public Safety and Public Works	1,083,617	-	1,083,617
Other	869,745	-	869,745
Permanent Fund Purposes:			
Permanent fund - nonexpendable	182,939	-	182,939
Permanent fund - expendable	12,902	-	12,902
Unrestricted	<u>4,060,224</u>	<u>20,497,128</u>	<u>24,557,352</u>
Total net position	<u>\$ 30,676,059</u>	<u>\$ 47,149,399</u>	<u>\$ 77,825,458</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, 2020

Statement of Activities –Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		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	\$ 2,896,014	\$ 742,909	\$ 376,494	\$ 13,967	\$ (1,762,644)	\$ -	\$ (1,762,644)
Public Safety	11,503,776	501,625	1,031,147	8,564	(9,962,440)	-	(9,962,440)
Streets	2,589,229	12,795	170,737	-	(2,405,697)	-	(2,405,697)
Culture, parks and recreation	1,688,188	209,755	51,769	50,976	(1,375,688)	-	(1,375,688)
Interest on long-term debt	495,471	-	-	-	(495,471)	-	(495,471)
Total governmental activities	<u>19,172,678</u>	<u>1,467,084</u>	<u>1,630,147</u>	<u>73,507</u>	<u>(16,001,940)</u>	<u>-</u>	<u>(16,001,940)</u>
Business-type activities							
Water	3,780,013	4,297,636	16,103	-	-	533,726	533,726
Wastewater	3,135,445	1,987,204	-	2	-	(1,148,239)	(1,148,239)
Sanitation	802,334	1,004,836	-	-	-	202,502	202,502
Golf	985,889	418,806	-	-	-	(567,083)	(567,083)
Park	520,467	199,714	-	-	-	(320,753)	(320,753)
Airport	761,080	253,926	30,000	283,766	-	(193,388)	(193,388)
Hospital	623,101	-	-	-	-	(623,101)	(623,101)
Total business-type activities	<u>10,608,329</u>	<u>8,162,122</u>	<u>46,103</u>	<u>283,768</u>	<u>-</u>	<u>(2,116,336)</u>	<u>(2,116,336)</u>
Total primary government	<u>\$ 29,781,007</u>	<u>\$ 9,629,206</u>	<u>\$ 1,676,250</u>	<u>\$ 357,275</u>	<u>\$ (16,001,940)</u>	<u>\$ (2,116,336)</u>	<u>\$ (18,118,276)</u>
General revenues:							
Taxes:							
Sales and use taxes				14,120,256	-	14,120,256	
Property taxes				77,305	-	77,305	
Franchise and public service taxes				875,769	-	875,769	
Hotel/motel taxes				347,972	-	347,972	
Intergovernmental revenue not restricted to specific programs				228,351	-	228,351	
Investment income				185,703	337,918	523,621	
Miscellaneous				670,620	122,686	793,306	
Miscellaneous- Royalties				1,374,939	433,586	1,808,525	
Transfers - Internal activity				(3,874,141)	3,874,141	-	
Total general revenues and transfers				<u>14,006,774</u>	<u>4,768,331</u>	<u>18,775,105</u>	
Change in net position				<u>(1,995,166)</u>	<u>2,651,995</u>	<u>656,829</u>	
Net position - beginning				<u>32,671,225</u>	<u>44,497,404</u>	<u>77,168,629</u>	
Net position - ending				<u>\$ 30,676,059</u>	<u>\$ 47,149,399</u>	<u>\$ 77,825,458</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, 2020**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Balance Sheet - June 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 13,399,645	\$ 2,082,849	\$ 15,482,494
Investments	117,683	59,347	177,030
Interest receivable	-	5,206	5,206
Due from other funds	33,969	-	33,969
Due from other governments	1,201,855	65,809	1,267,664
Franchise tax receivable	2,081,475	4,568	2,086,043
Court fine receivable, net	505,299	-	505,299
Total assets	<u>\$ 17,339,926</u>	<u>\$ 2,217,779</u>	<u>\$ 19,557,705</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 35,430	\$ 33,419	\$ 68,849
Accrued payroll payable	569,661	-	569,661
Due to other funds	764,024	-	764,024
Refundable court bonds	6,225	-	6,225
Total liabilities	<u>1,375,340</u>	<u>33,419</u>	<u>1,408,759</u>
Deferred Inflows of resources:			
Deferred revenue	<u>2,395,459</u>	<u>-</u>	<u>2,395,459</u>
Fund balances:			
Nonspendable	-	182,939	182,939
Restricted	2,669,194	1,409,488	4,078,682
Committed	196,395	26,975	223,370
Assigned	6,041,636	564,958	6,606,594
Unassigned	4,661,902	-	4,661,902
Total fund balance	<u>13,569,127</u>	<u>2,184,360</u>	<u>15,753,487</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 17,339,926</u>	<u>\$ 2,217,779</u>	<u>\$ 19,557,705</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, 2020

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 14,265,849	\$ 1,122,430	\$ 15,388,279
Intergovernmental	1,908,688	18,092	1,926,780
Licenses and permits	683,647	12,795	696,442
Charges for services	113,279	74,586	187,865
Fines and forfeitures	289,474	69,163	358,637
Investment income	157,028	27,011	184,039
Royalties	1,483,841	-	1,483,841
Miscellaneous	426,982	34,566	461,548
Total revenues	<u>19,328,788</u>	<u>1,358,643</u>	<u>20,687,431</u>
EXPENDITURES			
Current:			
General government	2,232,997	309,132	2,542,129
Public safety	10,341,333	421,764	10,763,097
Streets	2,047,460	-	2,047,460
Culture, parks, and recreation	706,229	-	706,229
Capital outlay	2,704,179	1,843,732	4,547,911
Debt service:			
Principal	2,062,350	155,034	2,217,384
Interest	419,485	605	420,090
Total Expenditures	<u>20,514,033</u>	<u>2,730,267</u>	<u>23,244,300</u>
Excess (deficiency) of revenues over expenditures	<u>(1,185,245)</u>	<u>(1,371,624)</u>	<u>(2,556,869)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,863,033	300,705	3,163,738
Transfers out	(6,468,311)	(441,700)	(6,910,011)
Proceeds from sale of property	-	451,244	451,244
Miscellaneous	325,611	6,554	332,165
Total other financing sources and uses	<u>(3,279,667)</u>	<u>316,803</u>	<u>(2,962,864)</u>
Net change in fund balance	(4,464,912)	(1,054,821)	(5,519,733)
Fund balance - beginning	18,034,039	3,239,181	21,273,220
Fund balance - ending	<u>\$ 13,569,127</u>	<u>\$ 2,184,360</u>	<u>\$ 15,753,487</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, 2020

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation: \$ 15,753,487

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 \$26,704,242

38,932,512

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	95,017
Net pension asset	42,594
Pension related deferred outflows	3,824,732
Deferred outflow related to long-term debt refunding	641,416
Deferred revenue related to availability	829,886

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	143,295
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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	(8,181,769)
Total OPEB liability	(1,343,871)
Pension related deferred inflows	(1,565,387)
Accrued interest payable	(216,638)
Capital lease obligation	(296,210)
OPEB related deferred inflows	(214,688)
Revenue bond obligations	(16,065,450)
Accrued compensated absences	(1,702,867)
	<hr/>
	(29,586,880)

Net Position of Governmental Activities in the Statement of Net Position

\$ 30,676,059

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ (5,519,733)

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	5,518,579
Capital assets transferred to Enterprise Fund	(1,533)
Book value of disposed capital assets	(7,574)
Depreciation expense	<u>(2,784,786)</u>
	<u>2,724,686</u>

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.

(839,930)

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	63,301
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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	155,034
Principal payment on bonds payable obligation	2,062,350
Amortization of deferred amount on refunding	(69,972)
Proceeds from sale of property	<u>(451,244)</u>
	<u>1,696,168</u>

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	(5,409)
Change in Total OPEB liability	(49,364)
Change in accrued compensated absences	(72,500)
	<u>(127,273)</u>

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	7,615
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Change in net position of governmental activities	<u>\$ (1,995,166)</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, 2020**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Net Position - June 30, 2020

ENTERPRISE FUNDS						
	El Reno Municipal Trust Authority	The City of El Reno Hospital Authority	The City of El Reno Airpark Authority	The City of El Reno Recreational Authority	Totals	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 10,290,928	\$ 7,199,020	\$ 1,000,497	\$ 503,118	\$ 18,993,563	\$ 220,284
Restricted cash and cash equivalents	723,924	-	-	-	723,924	-
Investments	4,997,648	-	-	-	4,997,648	-
Due from other funds	764,024	-	-	-	764,024	-
Due from other governments	-	-	67,208	-	67,208	-
Inventory	3,086	-	27,206	8,814	39,106	-
Accounts receivable, net	1,025,257	718,872	6,245	9,959	1,760,333	-
Total current assets	<u>17,804,867</u>	<u>7,917,892</u>	<u>1,101,156</u>	<u>521,891</u>	<u>27,345,806</u>	<u>220,284</u>
Non-current assets:						
Restricted investments	125,376	-	-	-	125,376	-
Capital assets:						
Land and construction in progress	945,171	2,362,030	2,595,049	38,000	5,940,250	-
Other capital assets, net of accumulated depreciation	39,437,420	2,634,366	2,273,445	2,152,249	46,497,480	-
Total non-current assets	<u>40,507,967</u>	<u>4,996,396</u>	<u>4,868,494</u>	<u>2,190,249</u>	<u>52,563,106</u>	<u>-</u>
Total assets	<u>58,312,834</u>	<u>12,914,288</u>	<u>5,969,650</u>	<u>2,712,140</u>	<u>79,908,912</u>	<u>220,284</u>
DEFERRED OUTFLOW OF RESOURCES:						
Deferred amounts related to pensions	125,578	-	-	87,753	213,331	-
Deferred amounts related to OPEB	22,922	-	2,472	36,143	61,537	-
Deferred amount on refunding	77,348	-	-	-	77,348	-
Total deferred outflow of resources	<u>225,848</u>	<u>-</u>	<u>2,472</u>	<u>123,896</u>	<u>352,216</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	76,947	442,103	101,724	27,317	648,091	1,001
Accrued payroll payable	42,627	-	7,395	32,190	82,212	-
Accrued interest payable	202,408	24,823	-	-	227,231	-
Unearned revenue	-	-	736	-	736	-
Due to other funds	-	-	-	33,969	33,969	-
Current portion of:						
Claims liability	-	-	-	-	-	43,139
Notes payable	311,960	400,000	-	-	711,960	-
Revenue bonds payable, net	418,300	-	-	-	418,300	-
Accrued compensated absences	8,267	-	554	1,423	10,244	-
Total current liabilities	<u>1,060,509</u>	<u>866,926</u>	<u>110,409</u>	<u>94,899</u>	<u>2,132,743</u>	<u>44,140</u>
Non-current liabilities:						
Claims liability	-	-	-	-	-	32,849
Deposits subject to refund	433,249	-	-	-	433,249	-
Notes payable	22,931,907	4,055,000	-	-	26,986,907	-
Revenue bonds payable	2,557,250	-	-	-	2,557,250	-
Accrued compensated absences	74,411	-	4,984	17,107	96,502	-
Total OPEB liability	122,170	-	15,271	152,713	290,154	-
Net pension liability	188,352	-	-	105,016	293,368	-
Total non-current liabilities	<u>26,307,339</u>	<u>4,055,000</u>	<u>20,255</u>	<u>274,836</u>	<u>30,657,430</u>	<u>32,849</u>
Total liabilities	<u>27,367,848</u>	<u>4,921,926</u>	<u>130,664</u>	<u>369,735</u>	<u>32,790,173</u>	<u>76,989</u>
DEFERRED INFLOW OF RESOURCES:						
Deferred amounts related to pension	125,250	-	-	35,154	160,404	-
Deferred amounts related to OPEB	40,422	-	19,439	101,291	161,152	-
Total deferred inflow of resources	<u>165,672</u>	<u>-</u>	<u>19,439</u>	<u>136,445</u>	<u>321,556</u>	<u>-</u>
NET POSITION						
Net Investment in capital assets	14,163,174	5,110,201	4,868,494	2,190,249	26,332,118	-
Restricted for debt service	60,621	259,532	-	-	320,153	-
Unrestricted	16,781,367	2,622,629	953,525	139,607	20,497,128	143,295
Total net position	<u>\$ 31,005,162</u>	<u>\$ 7,992,362</u>	<u>\$ 5,822,019</u>	<u>\$ 2,329,856</u>	<u>\$ 47,149,399</u>	<u>\$ 143,295</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, 2020

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

	ENTERPRISE FUNDS					Internal Service Funds
	El Reno Municipal Trust Authority	The City of El Reno Hospital Authority	The City of El Reno Airpark Authority	The City of El Reno Recreational Authority	Totals	
OPERATING REVENUES						
Water charges	\$ 4,129,595	\$ -	\$ -	\$ -	\$ 4,129,595	\$ -
Sewer charges	1,878,123	-	-	-	1,878,123	-
Sanitation charges	975,851	-	-	-	975,851	-
Airport charges	-	-	233,277	-	233,277	-
Golf Course charges	-	-	-	379,762	379,762	-
Hook and Slice Restaurant charges	-	-	-	34,556	34,556	-
Water and sewer taps	119,795	-	-	-	119,795	-
Transfer fees	3,430	-	-	-	3,430	-
Returned check charges	875	-	-	-	875	-
Cut off charges	44,686	-	-	-	44,686	-
Penalties and interest	81,584	-	-	-	81,584	-
Miscellaneous	55,737	-	454,235	4,488	514,460	-
Rental	-	-	-	89,816	89,816	-
Permits	-	-	-	109,898	109,898	-
Self-Insurance charges	-	-	-	-	-	179,748
Total operating revenues	<u>7,289,676</u>	<u>-</u>	<u>687,512</u>	<u>618,520</u>	<u>8,595,708</u>	<u>179,748</u>
OPERATING EXPENSES						
Managerial	194,285	-	-	-	194,285	-
Administration	360,287	-	-	62,243	422,530	-
Billing	857,824	-	-	-	857,824	-
Water Plant	2,043,576	-	-	-	2,043,576	-
Wastewater	1,171,249	-	-	-	1,171,249	-
Hospital	-	168,549	-	-	168,549	-
Airport	-	-	316,750	-	316,750	-
Golf	-	-	-	684,375	684,375	-
Parks	-	-	-	474,250	474,250	-
Claims Expense	-	-	-	-	-	174,066
Hook and Slice Restaurant	-	-	-	22,390	22,390	-
Depreciation expense	2,261,006	342,071	444,330	217,874	3,265,281	-
Total Operating Expenses	<u>6,888,227</u>	<u>510,620</u>	<u>761,080</u>	<u>1,461,132</u>	<u>9,621,059</u>	<u>174,066</u>
Operating income (loss)	<u>401,449</u>	<u>(510,620)</u>	<u>(73,568)</u>	<u>(842,612)</u>	<u>(1,025,351)</u>	<u>5,682</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	202,206	88,556	44,360	2,796	337,918	1,664
Grant revenue	16,103	-	313,766	-	329,869	-
Miscellaneous revenue	78,768	-	-	43,918	122,686	269
Interest expense and fiscal charges	(748,454)	(112,481)	-	-	(860,935)	-
Total non-operating revenue (expenses)	<u>(451,377)</u>	<u>(23,925)</u>	<u>358,126</u>	<u>46,714</u>	<u>(70,462)</u>	<u>1,933</u>
Income (loss) before contributions and transfers	(49,928)	(534,545)	284,558	(795,898)	(1,095,813)	7,615
Capital contributions	387,755	-	-	306,946	694,701	-
Transfers in	4,156,652	870,000	-	800,000	5,826,652	-
Transfers out	(2,673,545)	-	(100,000)	-	(2,773,545)	-
Change in net position	1,820,934	335,455	184,558	311,048	2,651,995	7,615
Total net position - beginning	29,184,228	7,656,907	5,637,461	2,018,808	44,497,404	135,680
Total net position - ending	<u>\$ 31,005,162</u>	<u>\$ 7,992,362</u>	<u>\$ 5,822,019</u>	<u>\$ 2,329,856</u>	<u>\$ 47,149,399</u>	<u>\$ 143,295</u>

See accompanying notes to the financial statements.

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

	ENTERPRISE FUNDS					<u>Total</u>	<u>Internal Service Funds</u>
	<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>			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 7,379,281	\$ 406,318	\$ 1,191,836	\$ 655,015	\$ 9,632,450	\$ -	
Payments to suppliers	(3,506,086)	265,406	(763,441)	(520,821)	(4,524,942)	(138,357)	
Payments to employees	(1,138,336)	-	(121,307)	(741,808)	(2,001,451)	-	
Receipts of customer meter deposits	76,585	-	-	-	76,585	-	
Refunds of customer meter deposits	(61,808)	-	-	-	(61,808)	-	
Other income	-	-	-	-	-	180,017	
Net cash provided by (used in) operating activities	2,749,636	671,724	307,088	(607,614)	3,120,834	41,660	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	4,156,652	870,000	-	800,000	5,826,652	-	
Transfers to other funds	(2,673,545)	-	(100,000)	-	(2,773,545)	-	
Noncapital grants and contribution	16,103	-	-	-	16,103	-	
Net cash provided by (used in) noncapital financing activities	1,499,210	870,000	(100,000)	800,000	3,069,210	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	(793,965)	(2,390,795)	(1,776,978)	(154,088)	(5,115,826)	-	
Principal paid on capital debt	(1,128,464)	(160,000)	-	-	(1,288,464)	-	
Proceeds from capital debt	24,200	-	-	-	24,200	-	
Interest and fiscal agent fees paid on capital debt	(739,688)	(123,800)	-	-	(863,488)	-	
Capital grants and contribution	-	-	313,766	-	313,766	-	
Asset transferred from governmental activities	(1,531)	-	-	-	(1,531)	-	
Net cash provided by (used in) capital and related financing activities	(2,639,448)	(2,674,595)	(1,463,212)	(154,088)	(6,931,343)	-	
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of investments	875,132	-	2,000,000	-	2,875,132	-	
Interest and dividends	202,207	88,556	44,359	2,796	337,918	1,664	
Net cash provided by (used in) investing activities	1,077,339	88,556	2,044,359	2,796	3,213,050	1,664	
Net increase (decrease) in cash and cash equivalents	2,686,737	(1,044,315)	788,235	41,094	2,471,751	43,324	
Balances - beginning of year	8,328,115	8,243,335	212,262	462,024	17,245,736	176,960	
Balances - end of year	\$ 11,014,852	\$ 7,199,020	\$ 1,000,497	\$ 503,118	\$ 19,717,487	\$ 220,284	
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ 10,290,928	\$ 7,199,020	\$ 1,000,497	\$ 503,118	\$ 18,993,563	\$ 220,284	
Restricted cash and cash equivalents - current	723,924	-	-	-	723,924	-	
Total cash and cash equivalents, end of year	\$ 11,014,852	\$ 7,199,020	\$ 1,000,497	\$ 503,118	\$ 19,717,487	\$ 220,284	

(Continued)

See accompanying notes to the financial statements

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020, (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)						
Operating income (loss)	\$ 401,449	\$ (510,620)	\$ (73,568)	\$ (842,612)	\$ (1,025,351)	\$ 5,682
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,261,006	342,071	444,330	217,874	3,265,281	-
Miscellaneous revenue	78,768	-	-	43,918	122,686	269
Change in assets and liabilities:						
Due from other governments	-	-	507,673	-	507,673	-
Accounts receivable	10,837	406,318	(3,349)	(7,423)	406,383	-
Inventory	5,656	-	(14,145)	(2,017)	(10,506)	-
Accounts payable	(39,331)	433,955	(548,648)	(19,296)	(173,320)	1
Accrued payroll payable	648	-	1,300	5,127	7,075	-
Net pension liability	9,489	-	-	2,521	12,010	-
Total OPEB liability	(16,078)	-	(3,653)	(7,845)	(27,576)	-
Claims liability	-	-	-	-	-	35,708
Deposits subject to refund	14,777	-	-	-	14,777	-
Accrued compensated absences	22,415	-	(2,852)	2,139	21,702	-
Net cash provided by (used in) operating activities	\$ 2,749,636	\$ 671,724	\$ 307,088	\$ (607,614)	\$ 3,120,834	\$ 41,660
Noncash activities:						
Contributed capital	\$ 387,755	\$ -	\$ -	\$ 306,946	\$ 694,701	\$ -

See accompanying notes to the financial statements.

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FIDUCIARY FUND

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Fiduciary Fund Statement of Net Position – Pension Trust Fund (El Reno Employee Retirement System Jackson National Life Insurance Company) - June 30, 2020

ASSETS:

Investments at contract value:

Insurance contracts	\$ -
Accrued interest receivable	<u> -</u>
Total Assets	<u> -</u>

NET POSITION:

Net position held in trust for pension benefits	<u> -</u>
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Fiduciary Fund Statement of Changes in Fiduciary Net Position – Pension Trust Fund (El Reno Employee Retirement System Jackson National Life Insurance Company) - Year Ended June 30, 2020

DEDUCTIONS:

Forfeiture payment to City of El Reno	\$ (454,851)
Other	<u> (13,533)</u>
Total Deductions	<u> (468,384)</u>

Change in net position held in trust for employees' pension benefits	(468,384)
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Net position--beginning	<u> 468,384</u>
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Net position--ending	<u> -</u>
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See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
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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 Airpark 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.

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 – rental income

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
 - Tornado Relief Fund

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.

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.
- 2013 Sales Tax Revenue Note Fund – accounts for 2013 Sales Tax Revenue Note Construction.
- Sidewalk Fund– accounts for sidewalk fees to construct new sidewalks.

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

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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, 2020.

Fund	Fund Balance 7/1/2019	Changes in Fund Balance	Fund Balance 6/30/2020
Special Revenue Funds:			
Police Fund	\$ 212,959	\$ 29,409	\$ 242,368
CDBG Fund	-	248,179	248,179
Cemetery Care	132,960	32,289	165,249
Hotel Motel Occupancy Surcharge	611,875	116,144	728,019
Safety Sales Tax 1/4 Cent	745,987	(314,328)	431,659
Tax Increment Fund			
Capital Project Funds:			
Infrastructure	193,019	(100,083)	92,936
Drainage Improvement	3,082	-	3,082
Capital Improvement	38,050	3,399	41,449
Sidewalk Fund	21,824	12,795	34,619
2013 STRN Bond Fund	1,083,899	(1,083,899)	-
Permanent Funds:			
Library Endowment	32,176	35	32,211
Cemetery Perpetual Care	163,350	1,239	164,589
Total	\$ 3,239,181	\$ (1,054,821)	\$ 2,184,360

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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.

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.

Fiduciary Fund

The City's fiduciary fund is used to report net position and changes therein of assets held by the City in a trustee or fiduciary capacity. These funds are not available for operations of the City. The City reports one type of fiduciary fund:

- Pension Trust Fund – used to account for the net position and changes therein of the El Reno Employee Retirement System (Jackson National Life Insurance Company), which was closed at the end of the year.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma 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.

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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, 2020, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 28,800,464
Cash on hand			4,331
Time deposits	Due within one year		<u>2,800,054</u>
			<u>31,604,849</u>
Investments:			
Time deposits	Due more than one year		2,500,000
Trustee money market accounts		AAAm	<u>6,615,470</u>
Total deposits and investments			<u>\$ 40,720,319</u>

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 35,420,265
Investments	5,174,678
Restricted investments	125,376
Total	<u>\$ 40,720,319</u>

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, 2020, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City 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.

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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 \$6,615,470 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, 2020 are as follows:

	Current	
	Cash and cash	Noncurrent
	Equivalents	Investments
2014 OWRB Note Debt Service Fund	\$ 153,023	\$ -
2010 Drinking Water SRF Debt Service	41,913	-
2011 Sales Tax Revenue Note Fund	90,246	-
2013 Sales Tax Revenue Bond Note Fund	31,312	-
2015 Sales Tax Revenue Fund	42,571	-
2015 Sales Tax Revenue Interest Fund	56,987	-
Utility Deposits	<u>307,872</u>	<u>125,376</u>
Total	<u><u>\$ 723,924</u></u>	<u><u>\$ 125,376</u></u>

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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.

	<u>Primary Government</u>				
	Court Fines Receivable	Utilities Receivable	Airpark Receivable	The City of El Reno Hospital Authority	The City of El Reno Recreation Authority
Accounts receivable	\$ 1,684,332	\$ 2,010,281	\$ 6,245	\$ 718,872	\$ 9,959
Less: allowance for uncollectible accounts	(1,179,033)	(985,024)	-	-	-
Accounts receivable, net of allowance	<u>\$ 505,299</u>	<u>\$ 1,025,257</u>	<u>\$ 6,245</u>	<u>\$ 718,872</u>	<u>\$ 9,959</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, 2020, capital assets balances changed as follows:

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	Balance at July 1, 2019	Additions	Disposals	Transfers	Balance at June 30, 2020
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,370,869	\$ 8,960	\$ -	\$ -	\$ 1,379,829
Construction in progress	1,984,125	1,841,309	3,384,319	-	441,115
Total capital assets not being depreciated	<u>3,354,994</u>	<u>1,850,269</u>	<u>3,384,319</u>	<u>-</u>	<u>1,820,944</u>
Other capital assets:					
Buildings	19,448,235	1,186,694	-	-	20,634,929
Improvements	5,759,516	-	22,622	-	5,736,894
Machinery, furniture and equipment	8,411,127	772,485	58,218	(29,569)	9,095,825
Infrastructure	25,938,194	5,093,452	-	-	31,031,646
Total other capital assets at historical cost	<u>59,557,072</u>	<u>7,052,631</u>	<u>80,840</u>	<u>(29,569)</u>	<u>66,499,294</u>
Less accumulated depreciation for:					
Buildings	5,423,429	536,363	-	-	5,959,792
Improvements	2,506,356	308,663	20,532	-	2,794,487
Machinery, furniture and equipment	5,779,946	604,877	52,734	(28,036)	6,304,053
Infrastructure	12,994,510	1,334,884	-	-	14,329,394
Total accumulated depreciation	<u>26,704,241</u>	<u>2,784,786</u>	<u>73,266</u>	<u>(28,036)</u>	<u>29,387,726</u>
Other capital assets, net	<u>32,852,831</u>	<u>4,267,845</u>	<u>7,574</u>	<u>(1,533)</u>	<u>37,111,568</u>
Governmental activities capital assets, net	<u><u>\$ 36,207,825</u></u>	<u><u>\$ 6,118,114</u></u>	<u><u>\$ 3,391,893</u></u>	<u><u>\$ (1,533)</u></u>	<u><u>\$ 38,932,512</u></u>
 <i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 840,728	\$ 1,188,915	\$ -	\$ -	\$ 2,029,643
Construction in progress	1,406,220	4,049,197	1,544,810	-	3,910,607
Total capital assets not being depreciated	<u>2,246,948</u>	<u>5,238,112</u>	<u>1,544,810</u>	<u>-</u>	<u>5,940,250</u>
Other capital assets:					
Buildings	28,671,945	171,420	-	-	28,843,365
Improvements	12,234,641	278,819	-	-	12,513,460
Machinery, furniture and equipment	13,294,534	175,841	-	29,569	13,499,944
Intangible water rights	207,657	-	-	-	207,657
Utility property improvements	38,379,024	1,491,144	-	-	39,870,168
Total other capital assets at historical cost	<u>92,787,801</u>	<u>2,117,224</u>	<u>-</u>	<u>29,569</u>	<u>94,934,594</u>
Less accumulated depreciation for:					
Buildings	6,934,949	1,142,108	-	-	8,077,057
Improvements	8,496,721	384,264	-	-	8,880,985
Machinery, furniture and equipment	11,191,079	310,463	-	28,036	11,529,578
Intangible water rights	69,032	3,909	-	-	72,941
Utility property improvements	18,452,016	1,424,537	-	-	19,876,553
Total accumulated depreciation	<u>45,143,798</u>	<u>3,265,281</u>	<u>-</u>	<u>28,036</u>	<u>48,437,114</u>
Other capital assets, net	<u>47,644,003</u>	<u>(1,148,057)</u>	<u>-</u>	<u>1,533</u>	<u>46,497,480</u>
Business-type activities capital assets, net	<u><u>\$ 49,890,951</u></u>	<u><u>\$ 4,090,054</u></u>	<u><u>\$ 1,544,810</u></u>	<u><u>\$ 1,533</u></u>	<u><u>\$ 52,437,730</u></u>

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:

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

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

Governmental Activities:		Business-Type Activities:	
General Government	\$ 225,737	Water	\$ 1,132,458
Public Safety	560,369	Wastewater	1,128,548
Highways and Streets	1,456,504	Hospital	342,071
Culture & Recreation	542,176	Airpark	444,330
	<hr/> <u>\$ 2,784,786</u>	Recreation	217,874
			<hr/> <u>\$ 3,265,281</u>

7. Long-Term Debt and Debt Service Requirements

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

Type of Debt	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Revenue bonds payable (direct placements)	\$ 18,127,800	\$ -	\$ 2,062,350	\$ 16,065,450	\$ 2,290,700
Insurance claims liability	40,279	115,686	79,978	75,987	43,139
Capital lease obligation	-	451,244	155,034	296,210	145,278
Accrued compensated absences	1,630,367	12,190,189	12,117,689	1,702,867	170,287
Total Governmental Activities	<hr/> <u>\$ 19,798,446</u>	<hr/> <u>\$ 12,757,119</u>	<hr/> <u>\$ 14,415,051</u>	<hr/> <u>\$ 18,140,514</u>	<hr/> <u>\$ 2,649,404</u>
Business-Type Activities:					
Notes payable (direct borrowing)	\$ 23,553,481	\$ 24,200	\$ 333,814	\$ 23,243,867	\$ 311,960
Revenue bonds payable (direct placements)	8,392,200	-	954,650	7,437,550	818,300
Deposits subject to refund	418,472	76,585	61,808	433,249	-
Accrued compensated absences	85,681	764,155	743,090	106,746	10,244
Total Business-Type Activities	<hr/> <u>\$ 32,449,834</u>	<hr/> <u>\$ 864,940</u>	<hr/> <u>\$ 2,093,362</u>	<hr/> <u>\$ 31,221,412</u>	<hr/> <u>\$ 1,140,504</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 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. \$ 1,683,300

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. 1,702,800

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. 9,016,350

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. 3,663,000

Total Revenue Bonds Payable \$ 16,065,450

Current portion	\$ 2,290,700
Non-current portion	13,774,750
Total	<u>\$ 16,065,450</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. \$ 296,210

Total Capital Lease Obligations \$ 296,210

Current portion	\$ 145,278
Non-current portion	150,932
Total	<u>\$ 296,210</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.

\$ 1,040,000

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.

1,031,700

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.

232,200

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.

678,650

Total Revenue Bonds Payable	\$ 2,982,550
Less Unamortized Bond Discount	(7,000)
Net Revenue Bonds Payable	\$ 2,975,550

Current portion	\$ 418,300
Non-current portion	2,557,250
Total	\$ 2,975,550

Hospital Authority:

Series 2019B Sales Tax Revenue Bonds. Original amount of \$4,615,000 issued by the El Reno Municipal Authority, 100% of this will be used to construct a new hospital, due in annual installments of \$160,000 to \$275,000 through 2029, interest at 3.74%. 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.

\$ 4,455,000

Current portion	400,000
non-current portion	4,055,000
Total	\$ 4,455,000

Total Revenue Bonds Payable	\$ 7,437,550
Less Unamortized Bond Discount	(7,000)
Net Revenue Bonds Payable	\$ 7,430,550

Current portion	\$ 818,300
non-current portion	6,612,250
Total	\$ 7,430,550

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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.

\$ 140,717

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.

78,769

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.

112,552

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.

21,450,000

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.

1,461,829

Total Municipal Authority

\$ 23,243,867

Current portion	\$ 311,960
Non-current portion	22,931,907
Total	<u>\$ 23,243,867</u>

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	GOVERNMENTAL ACTIVITY DEBT							
	Revenue Bonds Payable (direct placements)				Capital Lease Payable			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>				
2021	\$ 2,290,700	\$ 415,661	\$ 145,278	\$ 10,361				
2022	2,348,950	361,411	150,932	5,279				
2023	2,413,150	305,435	-	-				
2024	2,488,650	247,525	-	-				
2025	1,953,050	190,135	-	-				
2026-2030	4,570,950	294,863	-	-				
Totals	\$ 16,065,450	\$ 1,815,030	\$ 296,210	\$ 15,640				

<u>Year Ending June 30,</u>	BUSINESS-TYPE ACTIVITY DEBT							
	Revenue Bonds Payable (direct placements)				Notes Payable (direct borrowings)			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>				
2021	818,300	\$ 262,667	311,960	\$ 618,062				
2022	905,050	237,347	269,052	613,333				
2023	935,850	210,242	186,885	608,904				
2024	972,350	181,931	174,975	604,707				
2025	931,950	152,662	163,367	608,391				
2026-2030	2,874,050	289,062	3,077,628	2,935,698				
2031-2035	-	-	9,410,000	2,045,707				
2036-2040	-	-	9,650,000	673,941				
Totals	\$ 7,437,550	\$ 1,333,911	\$ 23,243,867	\$ 8,708,743				

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged two and ½ cents (or 63%) of future sales tax revenues to repay \$37,885,000 of Series 2005, 2011, 2013, 2015, 2016, 2019A and 2019B Sales Tax Revenue Bonds. Proceeds from the bonds provided financing for utility and governmental capital assets. The bonds are payable through 2020, 2027, 2024, 2025, 2029, 2025 and 2030 respectively. The total principal and interest payable for the remainder of the life of these notes is \$26,651,941. Total pledged sales taxes received in the current fiscal year were \$7,574,741. Debt service payments for the current fiscal year of \$3,372,126 were 45% of the pledged sales taxes.

Utility Net Revenues Pledge – The City has also pledged future water and sewer net revenues to repay \$27,679,668 of 2000, 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 2020, 2022, 2022, 2024, 2030, and 2040. The total principal and interest payable for the remainder of the life of these notes is \$31,986,341. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes this year were \$844,871 which was 31% of pledged net utility revenues of \$2,756,406.

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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	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	- -	41,449	41,449
Debt Service	1,346,257	- -	1,346,257
Watershed construction	- -	3,082	3,082
Sidewalks	- -	34,619	34,619
Skateboard Park	181	- -	181
Police	11,430	231,541	242,971
Library	21,088	202	21,290
Cemetery	155,229	36,511	191,740
Public Health and Safety	- -	431,659	431,659
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	1,083,617	- -	1,083,617
Animal Shelter	688	- -	688
Fire Department	43,931	- -	43,931
Employee appreciation	344	- -	344
Legion Park Lights	1,834	- -	1,834
Tennis Court Improvements	95	- -	95
Parks/ ASHB Ballfield	2,000	- -	2,000
Tourism	- -	125,467	125,467
Economic development and capital	- -	504,958	504,958
Sub-total Restricted	2,669,194	1,409,488	4,078,682
Committed to:			
Cemetery	127,481	26,975	154,456
Park	38,618	- -	38,618
Lake	30,296	- -	30,296
Sub-total Committed	196,395	26,975	223,370
Assigned to:			
Fiscal Year 21 budget	4,717,394	- -	4,717,394
Park	10,735	- -	10,735
Lake	1,051,580	- -	1,051,580
Cemetery Capital	- -	114,463	114,463
Library	- -	959	959
Cemetery	261,927	- -	261,927
Police	- -	10,827	10,827
CDBG Grant	- -	248,179	248,179
Tourism	- -	94,527	94,527
Economic development and capital	- -	3,067	3,067
Capital outlay	- -	92,936	92,936
Sub-total Assigned	6,041,636	564,958	6,606,594
Unassigned:			
	4,661,902	- -	4,661,902
TOTAL FUND BALANCES	\$ 13,569,127	\$ 2,184,360	\$ 15,753,487

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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.
- 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	\$ 155,229
Drainage Improvement	3,082
Library Endowment	31,252
Cemetery Perpetual Care	164,589
Sidewalk	34,619
Capital Improvement	41,449
Safety Sales Tax 1/4 Cent	431,659
Sales Tax 1/4 Cent	1,083,617
Gifts and Contributions	73,125
Cemetery Care	23,811
Hotel Motel Occupancy Surcharge	630,425
General Fund (Donations)	10,966
	<hr/>
	2,683,823

Enabling legislation:	
Police	<hr/> 231,541

Debt Service:	
Trustee money market accounts	1,346,257
Less: Accrued Interest Payable	(216,638)
	<hr/> 1,129,619

Total Governmental Activities restricted	<hr/> \$ 4,044,983
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Reconciliation to Statement of Net Position:

Restricted for:	
Public Safety	\$ 663,200
Capital Outlay	102,961
Debt Service	1,129,619
Recreation, Public Safety and Public Works	1,083,617
Other	869,745
Permanent fund - nonexpendable	182,939
Permanent fund - expendable	12,902
Total Governmental Activities restricted	<hr/> \$ 4,044,983

BTA | El Reno Municipal Authority

Contractual agreements:	
Cash and investments	\$ 547,384
Less: Accrued Interest Payable	(227,231)

	<hr/> \$ 320,153
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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, 2020 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
Airport Authority	General Fund	100,000	Operating subsidy
Public Safety 1/4 Sales Tax	General Fund	50,000	Reimbursement for ambulance service
Sales Tax 1/4 Cent	City of El Reno Hospital Authority	450,000	Funding for new hospital
Sales Tax 1/4 Cent	City of El Reno Recreation Authority	50,681	Transfer of assets
General Fund	ERMA Sales Tax	4,149,993	Sales tax transfer
ERMA	General Fund	2,673,545	Debt service transfer
Tax Increment Fund	General Fund	39,488	Ad valorem
Public Safety 1/4 Sales Tax	City of El Reno Hospital Authority	220,000	Funding for new hospital
Capital Improvement Fund	ERMA	12,100	Transfer of assets
General Fund	City of El Reno Recreation Authority	800,000	Operating subsidy
General Fund	City of El Reno Recreation Authority	256,265	Operating subsidy
General Fund	City of El Reno Hospital Authority	200,000	Funding for new hospital
General Fund	CDBG	300,705	Operating subsidy grant match
2013 STRN Fund	ERMA	6,659	Close out construction trust account
Emergency Reserve Fund	ERMA	260,667	Transfer of assets
Infrastructure Improvement	ERMA	113,453	Transfer of assets
Total		<u>\$ 9,683,556</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 3,163,738	\$ (6,910,011)	\$ (3,746,273)
Proprietary Funds	5,826,652	(2,773,545)	3,053,107
	<u>\$ 8,990,390</u>	<u>\$ (9,683,556)</u>	<u>\$ (693,166)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 3,053,107
Transfer of governmental assets to business-type activity:	1,533
Clear net pension asset for refund from Jackson Life	126,335
Capital assets from governmental funds- (one-sided at fund level)	693,166
Transfers - internal activity	<u>\$ 3,874,141</u>

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Balances:

Interfund receivable and payables at June 30, 2020 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. $\frac{1}{2}$ cent of the 2 cents is pledged for El Reno Recreational Authority debt service on golf course capital debt and $\frac{1}{2}$ 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 $\frac{1}{4}$ 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 $\frac{1}{4}$ 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 Coventry.

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, 2018, to June 30, 2020, are as follows:

	<u>Workers' Compensation</u>
Claim liability, June 30, 2018	158,929
Claims and changes in estimates	(191,653)
Claims payments	<u>73,004</u>
Claim liability, June 30, 2019	40,280
Claims and changes in estimates	(79,978)
Claims payments	<u>115,686</u>
Claim liability, June 30, 2020	<u><u>\$ 75,988</u></u>
Reconciliation to Statement of Net Position:	
Current portion	\$ 43,139
Noncurrent portion	<u>32,849</u>
Total	<u><u>\$ 75,988</u></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.

Other Contingencies:

The novel coronavirus ("COVID-19"), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The City's management has considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2020, financial statements.

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The extent to which the COVID-19 pandemic may impact the City will depend on future developments which are uncertain, such as the duration of the outbreak, additional governmental mandates issued to mitigate the spread of the disease, business closures, economic disruptions, and the effectiveness of actions taken to contain and treat the virus. Accordingly, the COVID-19 pandemic may have a negative impact on the City's future operations, the size and duration of which is difficult to predict. The City's management will continue to actively monitor the situation and may take further actions altering operations that the City's management determines are in the best interests of its employees and stakeholders, or as required by federal, state, or local authorities.

Construction Commitments:

At June 30, 2020 the City had awarded construction contracts totaling approximately \$11,778,894 and of this amount, \$7,990,874 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, 2020, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the 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

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

- **Hired After November 1, 2013**

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$316,983. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$734,557 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 \$711,018. 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, 2020, the City reported a liability of \$7,387,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 0.699132 percent.

For the year ended June 30, 2020, the City recognized pension expense of \$1,404,356. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,237,032	\$ 150,265
Changes of assumptions	-	189,780
Net difference between projected and actual earnings on pension plan investments	-	534,769
Changes in proportion and differences between City contributions and proportionate share of contributions	859,660	125,799
City contributions during measurement	-	5,170
City contributions subsequent to the measurement date	316,983	-
Total	\$ 2,413,675	\$ 1,005,783

The \$316,983 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, 2021. 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:

2021	\$ 450,868
2022	146,833
2023	276,339
2024	193,117
2025	23,752
Total	\$ 1,090,909

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

Inflation:	2.75%
Salary increases:	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, 2019, 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

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class included in the pension plan's target asset allocation as of June 30, 2019, 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%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 9,539,335	\$ 7,387,488	\$ 5,024,566

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

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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 \$295,606. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$273,577 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 \$263,939. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported an asset of \$42,594 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 0.6672 percent.

For the year ended June 30, 2020, the City recognized pension expense of \$508,340. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,562	\$ 201,107
Changes of assumptions	108,761	
Net difference between projected and actual earnings on pension plan investments	389,230	-
Changes in proportion and differences between City contributions and proportionate share of contributions	9,081	20,756
City contributions subsequent to the measurement date	667	3,903
City contributions subsequent to the measurement date	295,606	-
Total	\$ 828,907	\$ 225,766

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The \$295,606 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, 2021. 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:		
2021	\$ 185,629	
2022	(60,231)	
2023	57,745	
2024	123,631	
2025	<u>761</u>	
	<u><u>\$ 307,535</u></u>	

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

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary
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, 2019, 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, 2019, are summarized in the following table:

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

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

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 1,814,501	\$ (42,594)	\$ (1,612,792)

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 .

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

Provision	As of 07/01/19 OkMRF Plan
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.

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b. Period Required to Vest	7 years of credited service
c. Eligibility for Distribution	<ul style="list-style-type: none"> -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 7 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 10 Years of Service	-No benefits
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
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.

Employees Covered by Benefit Terms

Active Employees	69
Deferred Vested Former Employees	8
Retirees or Retiree Beneficiaries	<u>23</u>
Total	<u>100</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, 2019. For the year ended June 30, 2020 the City recognized \$286,090 of employer contributions to the plan

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which exceeds the actuarially determined amount based on covered payroll of \$3,615,611. Employees' contribution is 4.5% of covered payroll as of July 1, 2019.

Actuarial Assumptions

<u>Date of Last Actuarial Valuation</u>	July 1, 2019
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.50% based on age
d. Inflation Rate	2.75%
e. Mortality Table	UP 1994, 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 2012 for fiscal years 2007 thru 2011

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, 2019 are summarized in the following table:

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

Changes in Net Pension Liability- The total pension liability was determined based on an actuarial valuation performed as of July 1, 2019 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, 2019 and the City's report ending date of June 30, 2020, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

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	\$ 5,897,790	\$ 4,594,921	\$ 1,302,869
Changes for the Year:			
Service cost	261,799	-	261,799
Interest expense	433,355	-	433,355
Difference between expected and actual experience	122,837		122,837
Changes of assumptions	193,929		193,929
Contributions--City	-	751,917	(751,917)
Contributions--members	-	154,313	(154,313)
Net investment income	-	330,547	(330,547)
Benefits paid	(243,865)	(243,865)	-
Plan administrative expenses	-	(9,637)	9,637
Net Changes	768,055	983,275	(215,220)
Balances End of Year	\$ 6,665,845	\$ 5,578,196	\$ 1,087,649

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

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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	\$ 2,096,923	\$ 1,087,649	\$ 281,657

The City reported \$246,774 in pension expense for the year ended June 30, 2020. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 169,207	\$ 58,246
Changes of assumptions	236,680	-
Net difference between projected and actual earnings on pension plan investments	11,673	-
Changes in proportion and differences between City contributions and proportionate share of contributions	91,831	435,996
City contributions subsequent to the measurement date	286,090	-
Total	\$ 795,481	\$ 494,242

Amortization of Pension Deferrals- The \$286,090 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, 2021. 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:

2021	\$ 27,291
2022	(14,417)
2023	20,342
2024	554
2025	<u>(18,621)</u>
	<u><u>\$ 15,149</u></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.

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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, 2020 the following employees were covered by the benefit terms:

Active Employees	137
Inactives or beneficiaries currently receiving benefit payments	<u>6</u>
Total	<u><u>143</u></u>

Total OPEB Liability – The City's total OPEB liability of \$1,634,025 was measured as of June 30, 2019, 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, 2019 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Pay
- Discount Rate – 3.50% and 3.87%, based on June 30, 2019 and June 30, 2018 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 25% 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.
- 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 6.02% 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:

	<u>Total OPEB Liability</u>
Balances Beginning of Year	<u><u>\$ 1,558,436</u></u>
Change for the Year:	
Service cost	118,295
Interest Expense	60,311
Differences between expected and actual experience	(84,960)
Changes of assumptions	1,495
Benefits paid	<u>(19,552)</u>
Net Changes	<u><u>75,589</u></u>
Balances End of Year	<u><u>\$ 1,634,025</u></u>

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employers' total OPEB liability	\$ 2,061,663	\$ 1,634,025	\$ 1,312,275

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 6.02% 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 (5.02% decreasing to 3.87%) or 1-percentage-point higher (7.02% decreasing to 5.87%) than the current rate:

	1% Decrease (5.02% decreasing to 3.87%)	Healthcare Cost Trend Rates (6.02% decreasing to 4.87%)	1% Increase (7.02% decreasing to 5.87%)
Employers' total OPEB liability	\$ 1,321,235	\$ 1,634,025	\$ 2,038,214

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$144,387. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 86,544
Net difference between projected and actual earnings on OPEB plan investments	- -	157,609
Changes in City's proportionate share of contributions	130,033	130,031
Contributions during measurement date	1,658	1,656
Benefit payments subsequent to the measurement date	24,863	- -
Total	\$ 156,554	\$ 375,840

The \$24,863 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

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year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (34,220)
2020	(34,220)
2021	(34,220)
2022	(34,217)
2023	(34,220)
Thereafter	(73,052)
<u>Total</u>	<u><u>\$ (244,149)</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.

16. New Accounting Pronouncements Adopted

In May of 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

17. Subsequent Event

In August of 2020, the El Reno Municipal Authority issued the Sales Tax Revenue Note Series 2020 in the amount of \$10,000,000. This note will be used to finance certain capital expenditures pertaining to recreational facilities, public works infrastructure, and/or public health and safety facilities.

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Budgetary Comparison Schedule – Year Ended June 30, 2020

	GENERAL FUND						Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis		Original	Final	
REVENUES							
Taxes	\$ 15,795,000	\$ 15,795,000	\$ 16,448,377	\$ 16,448,377	\$ 16,448,377	\$ 16,448,377	\$ 653,377
Fees and fines	254,620	254,620	293,714	293,714			39,094
Licenses and permits	446,200	446,200	683,897	683,897			237,697
Intergovernmental	420,000	431,400	539,727	539,727			108,327
Charges for services	61,050	61,050	106,652	106,652			45,602
Investment earnings	25,100	75,100	138,109	138,109			63,009
Miscellaneous	664,622	664,622	1,762,633	1,762,633			1,098,011
Transfers from Other Funds	232,000	232,000	189,488	189,488			(42,512)
Total revenues	<u>17,898,592</u>	<u>17,959,992</u>	<u>20,162,597</u>	<u>20,162,597</u>			<u>2,202,605</u>
EXPENDITURES							
Mayor and Council	77,500	86,500	81,925	81,925			4,575
Administration	465,615	561,847	505,471	505,471			56,376
Finance	1,001,085	1,043,085	915,530	915,530			127,555
Police	5,446,060	5,580,410	5,454,557	5,454,557			125,853
Fire	3,493,141	3,643,591	3,588,937	3,588,937			54,654
Library	352,086	372,575	321,757	321,757			50,818
Community Development	498,579	500,179	478,653	478,653			21,526
Senior Citizens	44,998	49,698	46,454	46,454			3,244
Municipal Garage	93,523	96,973	83,835	83,835			13,138
Streets	2,618,613	4,322,493	2,711,776	2,711,776			1,610,717
Municipal Court	211,616	213,816	210,083	210,083			3,733
Legal	50,500	50,500	46,995	46,995			3,505
Swimming Pool	83,344	97,344	32,702	32,702			64,642
Cemetery	541,792	541,792	283,824	283,824			257,968
Transfers to Other Funds	8,300,000	9,570,205	8,603,528	8,603,528			966,677
Total Expenditures	<u>23,278,452</u>	<u>26,731,008</u>	<u>23,366,027</u>	<u>23,366,027</u>			<u>3,364,981</u>
Excess (deficiency) of revenues over expenditures	<u>(5,379,860)</u>	<u>(8,771,016)</u>	<u>(3,203,430)</u>	<u>(3,203,430)</u>			<u>5,567,586</u>
Net change in fund balances	<u>(5,379,860)</u>	<u>(8,771,016)</u>	<u>(3,203,430)</u>	<u>(3,203,430)</u>			<u>5,567,586</u>
Fund balances - beginning	<u>6,553,340</u>	<u>13,769,373</u>	<u>10,566,803</u>	<u>10,566,803</u>			<u>(3,202,570)</u>
Fund balances - ending	<u>\$ 1,173,480</u>	<u>\$ 4,998,357</u>	<u>\$ 7,363,373</u>	<u>\$ 7,363,373</u>			<u>\$ 2,365,016</u>

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
Total revenue- budgetary basis	\$ 20,162,597
Total expense- budgetary basis	(23,366,027)
Change in fund balance-budgetary basis	<u>(3,203,430)</u>
Revenue accruals	(2,431,984)
Expenditures accruals	(1,417,189)
Debt service transfers in	2,656,202
Change in fund balance-GAAP basis	<u><u>\$ (4,396,401)</u></u>

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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
City's proportion of the net pension liability	0.562385%	0.621821%	0.629184%	0.635185%	0.617556%	0.699132%
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
City's covered-employee payroll	\$ 1,552,304	\$1,633,651	\$1,759,957	\$1,805,429	\$ 1,832,339	\$ 2,162,005
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	373%	404%	437%	442%	379%	342%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68%	64.87%	66.81%	70.73%	72.85%

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

Notes to Schedule:

Only six 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
Statutorily required contribution	\$ 228,711	\$ 246,394	\$ 252,760	\$ 256,527	\$ 302,681	\$ 316,983
Contributions in relation to the statutorily required contribution	<u>228,711</u>	<u>246,394</u>	<u>252,760</u>	<u>256,527</u>	<u>302,681</u>	<u>316,983</u>
Contribution deficiency (excess)	<u>\$ -</u>					
City's covered-employee payroll	\$ 1,633,651	\$ 1,759,957	\$ 1,805,429	\$ 1,832,339	\$ 2,162,005	\$ 2,264,167
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

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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
City's proportion of the net pension liability (asset)	0.5397%	0.5796%	0.5958%	0.6119%	0.6162%	0.6672%
City's proportionate share of the net pension liability (asset)	\$ 181,708	\$ 23,633	\$ 912,472	\$ 47,067	\$ (293,537)	\$ (42,594)
City's covered-employee payroll	\$1,512,351	\$1,581,284	\$1,757,138	\$1,825,669	\$1,879,756	\$2,174,777
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%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%

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

Notes to Schedule:

Only six 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
Statutorily required contribution	\$ 205,473	\$ 228,428	\$ 237,337	\$ 244,359	\$ 282,058	\$ 295,606
Contributions in relation to the statutorily required contribution	<u>205,473</u>	<u>228,428</u>	<u>237,337</u>	<u>244,359</u>	<u>282,058</u>	<u>295,606</u>
Contribution deficiency (excess)	<u>\$ -</u>					
City's covered-employee payroll	\$ 1,581,284	\$ 1,757,138	\$ 1,825,669	\$ 1,879,756	\$ 2,174,777	\$ 2,273,894
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only six 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 6 Fiscal Years

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

Notes to Schedule:

Only the six 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 6 Fiscal Years					
	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 256,939	\$ 268,366	\$ 266,602	\$ 247,370	\$ 269,722	\$ 285,995
Contributions in relation to the actuarially determined contribution	260,481	268,568	281,539	327,565	295,687	286,090
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>
Covered employee payroll	\$ 3,022,811	\$ 3,095,346	\$ 3,247,280	\$ 3,127,307	\$ 3,409,889	\$ 3,615,611
Contributions as a percentage of covered-employee payroll	8.62%	8.68%	8.67%	10.47%	8.67%	7.91%

Notes to Schedule:

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

2. Latest Valuation Date: July 1, 2019

3. Actuarially determined contribution rate is calculated as of July 1, 2019 through June 2020 contributions were at a rate of 7.02%

4. Methods and assumptions used to determine contribution rates:

Actuarial cost method - Entry age normal
 Amortization method - Level percent of payroll, closed
 Remaining amortization period - 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

Schedule of Changes in Total OPEB Liability and Related Ratios	Last 10 Fiscal Years		
	2018	2019	2020
Total OPEB liability			
Service cost	\$ 132,556	\$ 117,070	\$ 118,295
Interest	41,380	57,992	60,311
Change in assumptions	(137,696)	(84,455)	1,495
Differences between expected and actual experience	-	(13,309)	(84,960)
Benefit payments, including refunds of member contributions	(28,694)	(21,682)	(19,552)
Net change in total OPEB liability	7,546	55,616	75,589
Total OPEB liability - beginning	1,495,274	1,502,820	1,558,436
Total OPEB liability - ending (a)	\$ 1,502,820	\$ 1,558,436	\$ 1,634,025
 Covered employee payroll	 \$ 6,890,000	 \$ 6,740,000	 \$ 8,382,000
 Total OPEB liability as a percentage of covered-employee payroll	 21.81%	 23.12%	 19.49%

Notes to Schedule:

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

The discount rate used for June 30, 2020 is 3.50% which represents a change in assumption from the June 30, 2019 rate of 3.87%
The total OPEB liability for fiscal year 2020 was measured as of June 30, 2019.

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020

	Police Fund (204)	2013 STRN Bond Fund (413)	CDBG Fund (211)	Cemetery Care Fund (208)	Hotel Motel Occupancy Surcharge Fund	Safety Sales Tax 1/4 Cent Fund (616)	Sidewalk Fund (423)	Infrastructure Fund (420)	Drainage Improvement Fund (422)	Capital Improvement Fund (425)	Library Endowment (215)	Cemetery Perpetual (820)	Total Governmental Funds
ASSETS													
Cash and cash equivalents	\$ 239,748	\$ -	\$ 263,725	\$ 165,249	\$ 728,110	\$ 381,684	\$ 34,619	\$ 87,730	\$ 3,082	\$ 41,449	\$ 701	\$ 136,752	\$ 2,082,849
Investments	-	-	-	-	-	-	-	-	-	-	31,510	27,837	59,347
Other receivable	-	-	-	-	-	-	-	5,206	-	-	-	-	5,206
Due from other governments	-	-	-	-	-	65,809	-	-	-	-	-	-	65,809
Franchise tax receivable	4,568	-	-	-	-	-	-	-	-	-	-	-	4,568
Total assets	\$ 244,316	\$ -	\$ 263,725	\$ 165,249	\$ 728,110	\$ 447,493	\$ 34,619	\$ 92,936	\$ 3,082	\$ 41,449	\$ 32,211	\$ 164,589	\$ 2,217,779
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	1,948	\$ -	15,546	\$ -	91	15,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	33,419
Total liabilities	1,948	\$ -	15,546	\$ -	91	15,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	33,419
Fund balances:													
Nonspendable	-	-	-	-	-	-	-	-	-	-	31,050	151,889	182,939
Restricted	231,541	-	-	23,811	630,425	431,659	34,619	-	3,082	41,449	202	12,700	1,409,488
Committed	-	-	-	26,075	-	-	-	-	-	-	-	-	26,075
Assigned	10,827	-	248,179	114,463	97,594	-	-	92,936	-	-	959	-	564,958
Total fund balance	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
Total liabilities and fund balance	\$ 244,316	\$ -	\$ 263,725	\$ 165,249	\$ 728,110	\$ 447,493	\$ 34,619	\$ 92,936	\$ 3,082	\$ 41,449	\$ 32,211	\$ 164,589	\$ 2,217,779

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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

	Police Fund (204)	2013 STRN Bond Fund (413)	CDBG Fund (211)	Cemetery Care Fund (208)	Hotel Motel Occupancy Surcharge (203)	Safety Sales Tax 1/4 Cent Fund (616)	Sidewalk Fund (423)	Infrastructure Fund (420)	Drainage Improvement Fund (422)	Capital Improvement Fund (425)	Tax Increment Fund (217)	Library Endowment (215)	Cemetery Perpetual (820)	Total-Other Governmental Funds
REVENUES														
Taxes	\$ 53,500	\$ -	\$ -	\$ -	\$ 347,972	\$ 643,653	\$ -	\$ -	\$ -	\$ -	\$ 77,305	\$ -	\$ -	\$ 1,122,430
Intergovernmental	18,092	-	-	-	-	-	-	-	-	-	-	-	-	18,092
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	12,795
Charges for services	-	-	-	30,995	4,695	-	-	-	-	-	-	-	-	74,586
Fines and forfeitures	69,163	-	-	-	-	-	-	-	-	38,896	-	-	-	69,163
Investment income	1,956	8,295	1,335	1,294	6,134	5,462	-	814	-	353	94	35	1,239	27,011
Miscellaneous	-	-	-	-	22,010	-	-	12,566	-	-	-	-	-	34,566
Total revenues	142,711	8,295	1,335	32,289	380,811	649,115	12,795	13,370	-	39,249	77,399	35	1,239	1,358,643
EXPENDITURES														
Current:														
Public Safety	113,302	-	-	-	-	308,462	-	-	-	-	-	-	-	421,764
General government	-	-	-	-	271,221	-	-	-	-	-	37,911	-	-	309,132
Capital Outlay	-	1,085,535	53,861	-	-	680,586	-	-	-	23,750	-	-	-	1,843,732
Debt Service:														
Principal	-	-	-	-	-	155,034	-	-	-	-	-	-	-	155,034
Interest	-	-	-	-	-	605	-	-	-	-	-	-	-	605
Total Expenditures	113,302	1,085,535	53,861	32,289	271,221	1,144,687	12,795	13,370	-	23,750	37,911	35	1,239	2,730,267
Excess (deficiency) of revenues over expenditures	29,409	(1,077,240)	(52,526)	32,289	109,590	(495,572)	-	-	-	15,499	39,488	35	1,239	(1,371,624)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	300,705	-	-	-	-	-	-	-	-	-	-	300,705
Transfers out	-	(6,659)	-	-	-	(270,000)	-	(113,453)	-	(12,100)	(39,488)	-	-	(441,700)
Proceeds from sale of property	-	-	-	-	-	451,244	-	-	-	-	-	-	-	451,244
Miscellaneous	-	-	-	-	6,554	-	-	-	-	-	-	-	-	6,554
Total other financing sources and uses	-	(6,659)	300,705	-	6,554	181,244	-	(113,453)	-	(12,100)	(39,488)	-	-	316,803
Net change in fund balance	29,409	(1,083,899)	248,179	32,289	116,144	(314,328)	12,795	(100,083)	-	3,399	-	35	1,239	(1,054,821)
Fund balance - beginning	212,959	1,083,899	-	132,960	611,875	745,987	21,824	193,019	3,082	38,050	-	32,176	163,350	3,239,181
Fund balance - ending	\$ 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

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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

	<u>General Fund</u>	<u>Tornado Relief Fund</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	\$ 9,492,692	\$ -	\$ 1,017,808	\$ 2,492,883	\$ 104,140	\$ 292,122	\$ 13,399,645
Investments	59,554	-	-	-	58,129	-	117,683
Due from other funds	33,969	-	-	-	-	-	33,969
Due from other governments	1,136,046	-	65,809	-	-	-	1,201,855
Franchise tax receivable	87,646	-	-	1,993,829	-	-	2,081,475
Court fine receivable, net	505,299	-	-	-	-	-	505,299
Total assets	<u>11,315,206</u>	<u>-</u>	<u>1,083,617</u>	<u>4,486,712</u>	<u>162,269</u>	<u>292,122</u>	<u>17,339,926</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE							
Liabilities:							
Accounts payable	35,430	-	-	-	-	-	35,430
Accrued payroll payable	569,661	-	-	-	-	-	569,661
Due to other funds	764,024	-	-	-	-	-	764,024
Refundable court bonds	6,225	-	-	-	-	-	6,225
Total liabilities	<u>1,375,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,375,340</u>
Deferred Inflows of resources:							
Deferred revenue	<u>490,001</u>	<u>-</u>	<u>-</u>	<u>1,905,458</u>	<u>-</u>	<u>-</u>	<u>2,395,459</u>
Fund Balance:							
Restricted	1,357,223	-	1,083,617	-	155,229	73,125	2,669,194
Committed	-	-	-	-	-	196,395	196,395
Assigned	6,011,994	-	-	-	7,040	22,602	6,041,636
Unassigned	2,080,648	-	-	2,581,254	-	-	4,661,902
Total fund balance	<u>9,449,865</u>	<u>-</u>	<u>1,083,617</u>	<u>2,581,254</u>	<u>162,269</u>	<u>292,122</u>	<u>13,569,127</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 11,315,206</u>	<u>\$ -</u>	<u>\$ 1,083,617</u>	<u>\$ 4,486,712</u>	<u>\$ 162,269</u>	<u>\$ 292,122</u>	<u>\$ 17,339,926</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Tornado Relief Fund</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	\$ 13,622,196	\$ -	\$ 643,653	\$ -	\$ -	\$ -	\$ 14,265,849
Intergovernmental	1,568,512	-	-	340,176	-	-	1,908,688
Licenses and permits	683,647	-	-	-	-	-	683,647
Charges for services	104,594	-	-	-	8,685	-	113,279
Fines and forfeitures	289,474	-	-	-	-	-	289,474
Investment income	144,981	-	7,498	-	935	3,614	157,028
Royalties	1,458,941	-	-	-	-	24,900	1,483,841
Miscellaneous	317,600	13,308	-	23,982	-	72,092	426,982
Total revenues	<u>18,189,945</u>	<u>13,308</u>	<u>651,151</u>	<u>364,158</u>	<u>9,620</u>	<u>100,606</u>	<u>19,328,788</u>
EXPENDITURES							
Current:							
General government	2,155,285	24,593	-	52,780	-	339	2,232,997
Public Safety	10,321,440	-	-	-	-	19,893	10,341,333
Streets	1,076,792	-	-	970,668	-	-	2,047,460
Culture, parks, and recreation	690,371	-	-	-	-	15,858	706,229
Capital outlay	1,829,069	-	81,268	753,242	-	40,600	2,704,179
Debt Service:							
Principal	2,062,350	-	-	-	-	-	2,062,350
Interest	419,485	-	-	-	-	-	419,485
Total Expenditures	<u>18,554,792</u>	<u>24,593</u>	<u>81,268</u>	<u>1,776,690</u>	<u>-</u>	<u>76,690</u>	<u>20,514,033</u>
Excess (deficiency) of revenues over expenditures	<u>(364,847)</u>	<u>(11,285)</u>	<u>569,883</u>	<u>(1,412,532)</u>	<u>9,620</u>	<u>23,916</u>	<u>(1,185,245)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	2,863,033	-	-	-	-	-	2,863,033
Transfers out	(5,220,198)	-	(500,681)	(491,167)	-	(256,265)	(6,468,311)
Intracount transfer in	-	-	-	2,000,000	-	-	2,000,000
Intracount transfer out	(2,000,000)	-	-	-	-	-	(2,000,000)
Miscellaneous	325,611	-	-	-	-	-	325,611
Total other financing sources and uses	<u>(4,031,554)</u>	<u>-</u>	<u>(500,681)</u>	<u>1,508,833</u>	<u>-</u>	<u>(256,265)</u>	<u>(3,279,667)</u>
Net change in fund balances	(4,396,401)	(11,285)	69,202	96,301	9,620	(232,349)	(4,464,912)
Fund balances - beginning	<u>13,846,266</u>	<u>11,285</u>	<u>1,014,415</u>	<u>2,484,953</u>	<u>152,649</u>	<u>524,471</u>	<u>18,034,039</u>
Fund balances - ending	<u>\$ 9,449,865</u>	<u>\$ -</u>	<u>\$ 1,083,617</u>	<u>\$ 2,581,254</u>	<u>\$ 162,269</u>	<u>\$ 292,122</u>	<u>\$ 13,569,127</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Net Position – El Reno Municipal Trust Authority (ERMA) – June 30, 2020

	<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	\$ 4,148,469	\$ 5,991,174	\$ -	\$ 151,285	\$ -	\$ 10,290,928
Restricted cash and cash equivalents	444,902	-	279,022	-	-	723,924
Investments	10,651	4,986,997	-	-	-	4,997,648
Due from other funds	-	764,024	-	-	-	764,024
Inventory	3,086	-	-	-	-	3,086
Accounts receivable, net	1,025,257	-	-	-	-	1,025,257
Total current assets	5,632,365	11,742,195	279,022	151,285	-	17,804,867
Non-current assets:						
Restricted investments	-	-	125,376	-	-	125,376
Capital Assets:						
Land and construction in progress	945,171	-	-	-	-	945,171
Other capital assets, net of accumulated depreciation	39,437,420	-	-	-	-	39,437,420
Total non-current assets	40,382,591	-	125,376	-	-	40,507,967
Total assets	46,014,956	11,742,195	404,398	151,285	-	58,312,834
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to pensions	125,578	-	-	-	-	125,578
Deferred amounts related to OPEB	22,922	-	-	-	-	22,922
Deferred amount on refunding	77,348	-	-	-	-	77,348
Total deferred outflow of resources	225,848	-	-	-	-	225,848
LIABILITIES						
Current Liabilities:						
Accounts payable	76,947	-	-	-	-	76,947
Accrued payroll payable	42,627	-	-	-	-	42,627
Accrued interest payable	202,408	-	-	-	-	202,408
Current portion of:						
Notes payable	311,960	-	-	-	-	311,960
Revenue bonds payable	418,300	-	-	-	-	418,300
Accrued compensated absences	8,267	-	-	-	-	8,267
Total current liabilities	1,060,509	-	-	-	-	1,060,509
Non-current liabilities:						
Deposits subject to refund	29,709	-	403,540	-	-	433,249
Notes payable	22,931,907	-	-	-	-	22,931,907
Revenue bonds payable, net	2,557,250	-	-	-	-	2,557,250
Accrued compensated absences	74,411	-	-	-	-	74,411
Total OPEB liability	122,170	-	-	-	-	122,170
Net pension liability	188,352	-	-	-	-	188,352
Total non-current liabilities	25,903,799	-	403,540	-	-	26,307,339
Total liabilities	26,964,308	-	403,540	-	-	27,367,848
DEFERRED INFLOW OF RESOURCES						
Deferred amounts related to pension	125,250	-	-	-	-	125,250
Deferred amounts related to OPEB	40,422	-	-	-	-	40,422
Total deferred inflow of resources	165,672	-	-	-	-	165,672
NET POSITION						
Net investment in capital assets	14,163,174	-	-	-	-	14,163,174
Restricted for debt service	60,621	-	-	-	-	60,621
Unrestricted	4,887,029	11,742,195	858	151,285	-	16,781,367
Total net position	\$ 19,110,824	\$ 11,742,195	\$ 858	\$ 151,285	\$ -	\$ 31,005,162

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenses, and Changes in Net Position – El Reno Municipal Trust Authority - Year Ended June 30, 2020

	<u>EREF</u>	<u>ERMA Sales Tax</u>	<u>Utility Deposit</u>	<u>Waterline Loop</u> RAD-Jenson-	<u>MA Cleanwater</u> SRF (614)	<u>Total</u>
OPERATING REVENUES						
Water charges	\$ 4,129,595	\$ -	\$ -	\$ -	\$ -	\$ 4,129,595
Sewer charges	1,878,123	-	-	-	-	1,878,123
Sanitation	975,851	-	-	-	-	975,851
Water and sewer taps	119,795	-	-	-	-	119,795
Transfer fees	3,430	-	-	-	-	3,430
Returned check charges	875	-	-	-	-	875
Cut off charges	44,686	-	-	-	-	44,686
Penalties	81,584	-	-	-	-	81,584
Miscellaneous	55,737	-	-	-	-	55,737
Total operating revenues	<u>7,289,676</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,289,676</u>
OPERATING EXPENSES						
Managerial	194,285	-	-	-	-	194,285
Administration	360,287	-	-	-	-	360,287
Billing	857,824	-	-	-	-	857,824
Water Plant	2,043,576	-	-	-	-	2,043,576
Wasterwater	1,171,149	-	-	-	100	1,171,249
Depreciation expense	2,261,006	-	-	-	-	2,261,006
Total Operating Expenses	<u>6,888,127</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>100</u>	<u>6,888,227</u>
Operating income (loss)	<u>401,549</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(100)</u>	<u>401,449</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	50,980	151,207	-	-	19	202,206
Grant Revenue	16,103	-	-	-	-	16,103
Miscellaneous revenue	78,768	-	-	-	-	78,768
Interest expense and fiscal charges	(748,454)	-	-	-	-	(748,454)
Total non-operating revenue (expenses)	<u>(602,603)</u>	<u>151,207</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>(451,377)</u>
Income (loss) before contributions and transfers	<u>(201,054)</u>	<u>151,207</u>	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>(49,928)</u>
Capital contributions	387,753	2	-	-	-	387,755
Transfers in	6,659	4,149,993	-	-	-	4,156,652
Transfers out	-	(2,673,545)	-	-	-	(2,673,545)
Intraccount transfer in	779,093	-	-	-	24,200	803,293
Intraccount transfer out	(24,200)	(778,621)	-	-	(472)	(803,293)
Change in net position	948,251	849,036	-	-	23,647	1,820,934
Total net position - beginning	<u>18,162,573</u>	<u>10,893,159</u>	<u>858</u>	<u>151,285</u>	<u>(23,647)</u>	<u>29,184,228</u>
Total net position - ending	<u>\$ 19,110,824</u>	<u>\$ 11,742,195</u>	<u>\$ 858</u>	<u>\$ 151,285</u>	<u>\$ -</u>	<u>\$ 31,005,162</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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

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	234,760	38,000
Total State Awards		<u>\$ 234,760</u>	<u>\$ 38,000</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, 2020

Schedule of Debt Service Coverage Requirements – Year Ended June 30, 2020

GROSS REVENUE AVAILABLE:

Pledged operating revenues (water and sewer systems)	\$ 6,284,840
Investment income	<u>337,918</u>
Total Gross Revenue Available	<u>6,622,758</u>

OPERATING EXPENDITURES:

Total Operating Expenses (water and sewer systems, excluding depreciation and amortization)	<u>3,866,351</u>
Net Revenue Available for Debt Service	<u>\$ 2,756,407</u>

Maximum Annual Debt Service:

Series 2000 Clean Water SRF Promissory Note	\$ 25,856
Series 2002A Drinking Water SRF Promissory Note	93,812
Series 2002C Clean Water SRF Promissory Note	39,384
Series 2003A Drinking Water SRF Promissory Note	32,157
Series 2010 Drinking Water SRF Promissory Note	153,690
Series 2014 Clean Water SRF Promissory Note	499,972
Total Annual Debt Service on Revenues of the Systems	<u>\$ 844,871</u>

Computed Coverage 326%

Coverage Requirement 125%

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

INTERNAL CONTROL AND COMPLIANCE INFORMATION

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Reno, Oklahoma (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Firm's signature

Arledge & Associates, P.C.

December 22, 2020